



NARRA INDUSTRIES

A Member of the Hong Leong Group

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2010

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Revenue	6,380	9,456	48,418	34,996
Cost of sales	(3,732)	(8,213)	(34,853)	(28,784)
Gross profit	2,648	1,243	13,565	6,212
Operating expenses	(1,368)	(1,065)	(5,327)	(4,837)
Other income/(expense)	514	(66)	180	(2,349)
Operating profit/(loss)	1,794	112	8,418	(974)
Interest expense	(37)	(49)	(241)	(256)
Interest income	17	19	106	178
Profit/(loss) before taxation	1,774	82	8,283	(1,052)
Taxation	(971)	354	(3,769)	354
Profit/(loss) for the period	803	436	4,514	(698)
Earnings/(loss) per ordinary share (sen):-				
(a) Basic	1.29	0.70	7.26	(1.12)
(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.

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010

	As at end of current quarter 30/06/2010 RM'000	As at preceding financial year end 30/06/2009 RM'000
Non-current assets		
Property, plant and equipment	8,496	9,043
Prepaid lease payments	2,424	2,504
Goodwill on consolidation	36,428	36,428
Deferred tax assets	1,632	1,271
	48,980	49,246
Current assets		
Inventories	2,119	2,798
Trade and other receivables	14,434	7,629
Tax recoverable	2	48
Deposits, cash and bank balances	11,653	10,122
	28,208	20,597
TOTAL ASSETS	77,188	69,843
Equity		
Share capital	62,188	62,188
Reserves	(826)	(5,149)
	61,362	57,039
Non-current liabilities		
Retirement benefits	242	234
Deferred tax liabilities	746	-
	988	234
Current liabilities		
Trade and other payables	8,329	4,209
Borrowings (unsecured)	4,823	8,361
Taxation	1,686	-
	14,838	12,570
TOTAL LIABILITIES	15,826	12,804
TOTAL EQUITY AND LIABILITIES	77,188	69,843
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.99	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 30 JUNE 2010

	Share capital	Translation reserve	(Accumulated losses)/ Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 June 2010				
At 1 July 2009	62,188	(13)	(5,136)	57,039
Foreign currency translation difference	-	(191)	-	(191)
Net profit for the period	-	-	4,514	4,514
At 30 June 2010	<u>62,188</u>	<u>(204)</u>	<u>(622)</u>	<u>61,362</u>
Preceding year corresponding period ended 30 June 2009				
At 1 July 2008	62,188	-	(4,438)	57,750
Foreign currency translation difference	-	(13)	-	(13)
Net loss for the period	-	-	(698)	(698)
At 30 June 2009	<u>62,188</u>	<u>(13)</u>	<u>(5,136)</u>	<u>57,039</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 2009.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2010

	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2010 RM'000	30/06/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	8,283	(1,052)
Adjustments for:-		
Depreciation and amortisation	743	899
Non cash item	(149)	(83)
Net interest expenses	135	78
Operating profit/(loss) before changes in working capital	9,012	(158)
Changes in working capital		
Net change in current assets	(6,204)	(2,369)
Net change in current liabilities	4,120	(562)
Income taxes (paid)/refunded	(1,592)	1,047
Interest paid	(241)	(256)
Retirement benefits paid	(1)	(5)
Net cash generated from/(used in) operating activities	5,094	(2,303)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(6)	(81)
Other investments	232	267
Net cash used in investing activities	226	186
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments of)/proceed from borrowings	(3,538)	1,258
Net cash (used in)/generated from financing activities	(3,538)	1,258
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,782	(859)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,122	10,994
EFFECT ON FOREIGN EXCHANGE	(251)	(13)
CASH & CASH EQUIVALENTS AT END OF PERIOD	11,653	10,122

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

	30/06/2010 RM'000	30/06/2009 RM'000
Deposits, cash and bank balances	11,653	10,122

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 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 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 had not applied all the FRSs, Amendments to FRSs and IC Interpretations that had been issued by the Malaysian Accounting Standard Board but are not yet effective.

FRS 4, Amendments to FRSs 2, 5, 101 and 138, IC Interpretations 4,11,12,13,14,15,16,17 and 18 are not applicable to the Group and hence, no further disclosure is required.

The Group plans to adopt the other FRSs, Amendments to FRSs and IC Interpretations for the financial year ending 30 June 2011 and 30 June 2012 respectively.

The Group plans to adopt the other FRSs, Amendments to FRSs and IC Interpretations for the financial year ending 30 June 2011 and 30 June 2012 respectively.

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 FRSs, Amendments to 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 dividends 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

There were no revaluation of property, plant and equipment as at the date of this report.

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

For the quarter under review, the Group recorded a revenue and a profit before taxation ("PBT") of RM6.4 million and RM1.8 million respectively as compared with a revenue and PBT of RM9.5 million and RM0.08 million respectively in the preceding year's corresponding quarter. The increase in PBT was mainly attributable to right-sizing initiatives implemented and better product mix.

For the financial year-to-date, the Group recorded a revenue and a PBT of RM48.4 million and RM8.3 million respectively as compared with a revenue and a loss before taxation of RM35.0 million and RM1.1 million respectively in the preceding year's corresponding period. The higher PBT was mainly attributable to higher sales achieved and better product mix.

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14. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM1.8 million for the quarter under review as compared with a PBT of RM1.6 million for the preceding quarter. The higher PBT was mainly due to better product mix.

15. Prospects

Barring any unforeseen circumstances, 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.

17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Current tax				
Malaysian - prior years	39	-	39	-
Overseas - current year	1,231	-	3,345	-
Deferred tax				
- current year	(299)	(203)	385	(203)
- prior years	-	(151)	-	(151)
	971	(354)	3,769	(354)

The Group's effective tax rate is higher than the Malaysian statutory tax rate mainly due to the higher statutory tax rate payable by a 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.

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20. Corporate proposals

There were 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 June 2010 consist of unsecured short-term trade financing.

There is no foreign currency borrowing as at 30 June 2010.

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.

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

There were no financial instruments with off balance sheet risk as at 30 June 2010.

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 final dividend for the financial year ended 30 June 2010 (2008/2009 : nil).

b) For the financial year-to-date, no dividend has been declared (2008/2009 : nil).

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25. Earnings/(loss) Per Ordinary Share

Basic earnings/(loss) 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 RM803,000 (4th quarter 2008/2009: RM436,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (2008/2009 : 62,187,600).

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 equity holders of the parent of RM4,514,000 (2008/2009: losses attributable to ordinary holders of the parent of RM698,000) by the weighted average number of ordinary shares outstanding during the period of 62,187,600 (2008/2009 : 62,187,600).

Diluted earnings per ordinary 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 August 2010