

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Revenue	13,251	8,195	26,785	17,158
Cost of sales	(11,697)	(6,334)	(23,453)	(13,553)
Gross profit	1,554	1,861	3,332	3,605
Operating expenses	(1,474)	(1,683)	(2,805)	(2,948)
Other operating (expenses)/income	(7)	123	126	833
Operating profit	73	301	653	1,490
Finance costs	(22)	(41)	(64)	(105)
Finance income	16	22	33	36
Profit before taxation	67	282	622	1,421
Taxation	(49)	(158)	(267)	(585)
Profit for the period	18	124	355	836

Earnings per ordinary share (sen):-

(a) Basic	0.03	0.20	0.57	1.34
(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 2011.

NARRA INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
QUARTER ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Profit for the period	18	124	355	836
Foreign currency translation differences for foreign operations	(55)	26	70	62
Total comprehensive (expense)/income for the period	(37)	150	425	898

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2011.

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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
31 DECEMBER 2011

	As at end of current quarter 31/12/2011 RM'000	As at preceding financial year end 30/06/2011 RM'000
Assets		
Property, plant and equipment	9,974	10,299
Intangible assets	36,428	36,428
Deferred tax assets	869	1,094
Total non-current assets	<u>47,271</u>	<u>47,821</u>
Inventories	2,268	1,603
Trade and other receivables	10,933	10,441
Current tax assets	31	2
Deposits, cash and bank balances	11,024	11,711
Total current assets	<u>24,256</u>	<u>23,757</u>
TOTAL ASSETS	<u>71,527</u>	<u>71,578</u>
Equity attributable to owners of the Company		
Share capital	62,188	62,188
Reserves	(2,763)	(3,188)
Total equity	<u>59,425</u>	<u>59,000</u>
Liabilities		
Retirement benefits	224	266
Deferred tax liabilities	110	135
Total non-current liabilities	<u>334</u>	<u>401</u>
Trade and other payables	11,763	10,741
Borrowings (unsecured)	-	1,400
Current tax liabilities	5	36
Total current liabilities	<u>11,768</u>	<u>12,177</u>
TOTAL LIABILITIES	<u>12,102</u>	<u>12,578</u>
TOTAL EQUITY AND LIABILITIES	<u>71,527</u>	<u>71,578</u>
Net assets per share attributable to owners of the Company (RM)	0.96	0.95

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2011.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE
PERIOD ENDED 31 DECEMBER 2011

	Share capital	Translation reserve	(Accumulated losses)/ Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 July 2011	62,188	(147)	(3,041)	59,000
Other comprehensive income	-	70	-	70
– foreign currency translation difference	-	-	355	355
Profit for the period	-	70	355	425
Total comprehensive income for the period	-	70	355	425
At 31 December 2011	62,188	(77)	(2,686)	59,425
Preceding year corresponding period				
ended 31 December 2010				
At 1 July 2010	62,188	(204)	(622)	61,362
Other comprehensive income	-	62	-	62
– foreign currency translation difference	-	-	836	836
Profit for the period	-	62	836	898
Total comprehensive income for the period	-	62	836	898
At 31 December 2010	62,188	(142)	214	62,260

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 2011.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD
ENDED 31 DECEMBER 2011

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2011 RM'000	31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	622	1,421
Adjustments for:-		
Depreciation and amortization	369	390
Non cash item	(50)	(91)
Net financing costs	31	69
Operating profit before changes in working capital	972	1,789
Changes in working capital		
Net change in current assets	(1,222)	(892)
Net change in current liabilities	1,016	3,614
Tax paid	(127)	(544)
Net financing cost paid	(31)	(69)
Retirement benefits paid	(42)	-
Dividend received	98	93
Net cash generated from operating activities	664	3,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	52	-
Acquisition of property, plant and equipment	(73)	(73)
Net cash used in investing activities	(21)	(73)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(2,400)	(4,823)
Drawdown of bank borrowings	1,000	1,364
Net cash used in financing activities	(1,400)	(3,459)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(757)	459
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,711	11,653
EFFECT ON FOREIGN EXCHANGE	70	(66)
CASH & CASH EQUIVALENTS AT END OF PERIOD	11,024	12,046

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

	31/12/2011 RM'000	31/12/2010 RM'000
Deposits, cash and bank balances	11,024	12,046

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2011.

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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 2011.

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 2011 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 2011 and 1 July 2011 respectively.

The adoption of relevant FRSs, Amendments to FRSs and IC Interpretations are not expected to have any significant 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.

7. Dividend

There were no dividends paid during the quarter under review and financial year-to-date.

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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 profit	<u>908</u>
Included in the measure of segment profit are:	
Revenue from external customers	26,687
Depreciation and amortisation	<u>369</u>
Reconciliation of reportable segment profit	
Profit	
Reportable segments	908
Non-reportable segments	(255)
Finance costs	(64)
Finance income	33
Consolidated profit before taxation	<u>622</u>

9. Valuations of property, plant and equipment

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

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 RM13.3 million and profit before taxation (“PBT”) of RM0.1 million as compared with a revenue of RM8.2 million and PBT of RM0.3 million recorded in the corresponding quarter of the preceding year (“FY 2011”).

For the financial year-to-date, the Group recorded a revenue and PBT of RM26.8 million and RM0.6 million respectively as compared with a revenue and PBT of RM17.2 million and RM1.4 million recorded in the corresponding period of FY 2011.

In comparison with the corresponding quarter and period of FY 2011, the lower PBT despite the higher revenue recorded was mainly due to a change in sales mix and a non-recurring design fee received in the corresponding period of FY 2011.

14. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM0.1 million for the quarter under review as compared with a PBT of RM0.6 million recorded in the preceding quarter. The lower PBT was mainly due to the change in sales mix.

15. Prospects

Although the economic environment continues to be difficult, the Board expects the performance of the Group for the financial year ending 30 June 2012 to be profitable.

16. Profit forecast / profit guaranteed

This note is not applicable.

17. Profit before tax

	Current Year Quarter	Current Year To-date
	31/12/2011 RM'000	31/12/2011 RM'000
Profit before tax is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(44)	(98)
Depreciation and amortization	183	369
Loss/(gain) on foreign exchange	11	(78)
Fair value loss on derivative instruments	6	6
Reversal of impairment loss on trade receivables	-	-
Inventories written back	-	-
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-

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18. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Current tax				
Malaysian - current years	2	-	4	-
- prior year	-	-	2	-
Overseas - current years	-	81	-	407
- prior year	10	-	61	-
	12	81	67	407
Deferred tax				
- current year	37	72	200	84
- prior year	-	5	-	94
	37	77	200	178
	49	158	267	585

The Group' effective tax rate for the quarter under review and financial year-to-date were higher than the statutory tax rate mainly due to tax relief not available for losses incurred by certain group companies.

19. Corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.

20. Group's borrowings and debt securities

There were no borrowings outstanding as at 31 December 2011.

21. Changes in material litigation

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

22. Dividend

a) The Board does not recommend any interim dividend for the quarter ended 31 December 2011 of the financial year ended 30 June 2012 (2nd quarter 2010/2011 : Nil).

b) For the financial year-to-date, no dividend has been declared (2010/2011 : Nil).

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23. Earnings Per Ordinary Share

(a) 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 owners of the Company of RM18,000 (2nd quarter 2010/2011: RM124,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (2nd quarter 2010/2011 : 62,187,600).

The calculation of basic earnings per ordinary share for the financial year-to-date is based on the profit attributable to equity holders of the parent of RM355,000 (2010/2011: of RM836,000) and the weighted average number of ordinary shares during the period of 62,187,600 (2010/2011: 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.

24. Realised and unrealised profits /losses disclosure

The retained losses as at 31 December 2011 and 30 June 2011 are analysed as follows:-

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/12/2011 RM'000	30/06/2011 RM'000
Total retained losses of the Company and the subsidiaries:-		
-Realised	(2,467)	(3,164)
-Unrealised	798	1,165
	<u>(1,669)</u>	<u>(1,999)</u>
Less: Consolidation adjustments	(1,017)	(1,042)
Total Group's accumulated losses	<u>(2,686)</u>	<u>(3,041)</u>

By Order of the Board
Narra Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
21 February 2012