

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Revenue	14,125	13,251	26,933	26,785
Cost of sales	(13,263)	(12,263)	(25,111)	(24,596)
Gross profit	862	988	1,822	2,189
Operating expenses	(649)	(908)	(1,462)	(1,662)
Other operating income/(expenses)	65	(7)	26	126
Operating profit	278	73	386	653
Finance costs	-	(22)	-	(64)
Finance income	9	16	23	33
Profit before taxation	287	67	409	622
Taxation	(62)	(49)	(131)	(267)
Profit for the period attributable to owners of the Company	225	18	278	355

Earnings per ordinary share (sen):-

(a) Basic	0.36	0.03	0.45	0.57
(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 2012.

NARRA INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
QUARTER ENDED 31 DECEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2012 RM'000	31/11/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Profit for the period	225	18	278	355
Foreign currency translation differences for foreign operations	22	(55)	(173)	70
Total comprehensive income/ (expense) for the period	247	(37)	105	425

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
31 DECEMBER 2012

	As at end of current quarter 31/12/2012 RM'000	Restated As at end of preceding financial year 30/06/2012 RM'000	Restated As at beginning of preceding financial year 01/07/2011 RM'000
ASSETS			
Property, plant and equipment	9,534	9,762	10,299
Deferred tax assets	844	970	1,094
Total non-current assets	10,378	10,732	11,393
Inventories	2,976	2,951	1,603
Trade and other receivables	13,155	13,360	10,441
Current tax assets	-	71	2
Deposits, cash and bank balances	15,082	10,807	11,711
Total current assets	31,213	27,189	23,757
TOTAL ASSETS	41,591	37,921	35,150
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	62,188	62,188	62,188
Reserves	(38,405)	(38,510)	(39,616)
TOTAL EQUITY	23,783	23,678	22,572
LIABILITIES			
Retirement benefits	153	153	266
Deferred tax liabilities	-	-	135
Total non-current liabilities	153	153	401
Trade and other payables	17,655	14,090	10,741
Borrowings (unsecured)	-	-	1,400
Current tax liabilities	-	-	36
Total current liabilities	17,655	14,090	12,177
TOTAL LIABILITIES	17,808	14,243	12,578
TOTAL EQUITY AND LIABILITIES	41,591	37,921	35,150
Net assets per share attributable to owners of the Company (RM)	0.38	0.38	0.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 31 DECEMBER 2012

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 31 December 2012				
At 1 July 2012 - previously reported	62,188	75	(2,157)	60,106
Effect of MFRS 1 adoption	-	147	(36,575)	(36,428)
At 1 July 2012 - restated	62,188	222	(38,732)	23,678
Other comprehensive expense				
– foreign currency translation difference	-	(173)	-	(173)
Profit for the period	-	-	278	278
Total comprehensive expense/(income) for the period	-	(173)	278	105
At 31 December 2012	62,188	49	(38,454)	23,783
Preceding year corresponding period ended 31 December 2011				
At 1 July 2011 - previously reported	62,188	(147)	(3,041)	59,000
Effect of MFRS 1 adoption	-	147	(36,575)	(36,428)
At 1 July 2011 - restated	62,188	-	(39,616)	22,572
Other comprehensive income				
– foreign currency translation difference	-	70	-	70
Profit for the period	-	-	355	355
Total comprehensive income for the period	-	70	355	425
At 31 December 2011 - restated	62,188	70	(39,261)	22,997

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 2012.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 31 DECEMBER 2012

	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2012 RM'000	31/12/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	409	622
Adjustments for:-		
Depreciation and amortization	332	369
Non cash item	(83)	(50)
Net financing (income)/costs	(23)	31
Operating profit before changes in working capital	635	972
Changes in working capital		
Net change in current assets	152	(1,222)
Net change in current liabilities	3,565	1,016
Tax refunded/(paid)	66	(127)
Net financing income received/(costs paid)	23	(31)
Retirement benefits paid	-	(42)
Dividend received	111	98
Net cash generated from operating activities	4,552	664
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	-	52
Acquisition of property, plant and equipment	(104)	(73)
Net cash used in investing activities	(104)	(21)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	-	(2,400)
Drawdown of bank borrowings	-	1,000
Net cash used in financing activities	-	(1,400)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,448	(757)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,807	11,711
EFFECT ON FOREIGN EXCHANGE	(173)	70
CASH & CASH EQUIVALENTS AT END OF PERIOD	15,082	11,024

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

	31/12/2012 RM'000	31/12/2011 RM'000
Deposits, cash and bank balances	15,082	11,024

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

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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 2012. 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 2012 except for the following transitional exemptions arising from the adoption of MFRS:

a) Business combinations

All business combinations were previously accounted for using acquisition method where goodwill arose from business combinations were measured at cost less accumulated impairment. As at the date of transition to MFRS 1, business combinations involving acquisition of common control companies (prior to the date of transition to MFRS 1) are accounted for using book value method and consequently, the related goodwill (net of accumulated amortisation) was reversed and adjusted to the accumulated losses of the Group.

b) Foreign currency translation reserve

Foreign currency differences were previously recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”). As at the date of transition to MFRS 1, the cumulative amounts in the FCTR were reclassified to the accumulated losses of the Group.

The reconciliation of the financial statements for the comparative periods are as follows:

Condensed Consolidated Statements of Changes in Equity

Reconciliation of the affected financial caption reported as at 31 December 2011

	As previously reported at 31/12/2011 RM’000	Effect of adoption of MFRS		As restated at 31/12/2011 RM’000
		RM’000 Note 1 (a)	RM’000 Note 1 (b)	
Accumulated losses	(2,686)	(36,428)	(147)	(39,261)
Translation reserve	(77)	-	147	70

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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.

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>563</u>
Included in the measure of segment profit are:	
Revenue from external customers	26,822
Depreciation and amortisation	<u>332</u>

Reconciliation of reportable segment profit

Profit

Reportable segments	563
Non-reportable segments	(177)
Finance income	23
Consolidated profit before taxation	<u>409</u>

	External Revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	26,822	332
Non-reportable segment	111	-
Total	<u>26,933</u>	<u>332</u>

9. Material events not reflected in the financial statements

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 discontinued operations.

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11. Review of Performance

For the quarter under review, the Group recorded a revenue of RM14.1 million and profit before taxation (“PBT”) of RM287,000 as compared with a revenue of RM13.3 million and PBT of RM67,000 recorded in the corresponding quarter of the preceding year ended 30 June 2012 (“FY 2012”).

For the financial year-to-date, the Group recorded a revenue and PBT of RM26.9 million and RM409,000 respectively as compared with a revenue and PBT of RM26.8 million and RM622,000 recorded in the corresponding period of FY 2012.

In comparison with the corresponding quarter of FY 2012, the increase in revenue and PBT was mainly attributable to higher sales recorded for hospitality projects. For the financial year-to-date, PBT was lower as compared with the corresponding period of FY 2012 mainly due to an increase in project expenses.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM287,000 for the quarter under review as compared with a PBT of RM122,000 recorded in the preceding quarter. The higher PBT recorded in the quarter under review was mainly attributable to higher sales recorded for hospitality projects.

13. Prospects

The weak global economy continues to affect the Malaysian furniture exports. The Group’s diversification into design and fit-out works has helped mitigate export performance. The Group continues to launch new and innovative furniture designs for the export markets to improve its performance. For the financial year ending 30 June 2013, the Board expects the performance of the Group to be profitable.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	31/12/2012 RM'000	31/12/2012 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(55)	(111)
Depreciation and amortization	165	332
Loss on foreign exchange	8	12
Inventories written back	-	-
Fair value gain on derivative instruments	-	-
Reversal of impairment loss on trade receivables	-	-
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-

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16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Current taxation				
Malaysian - current year	2	2	5	4
- prior years	-	-	-	2
Overseas - prior years	-	10	-	61
	2	12	5	67
Deferred taxation				
Malaysian - current year	60	37	126	200
	62	49	131	267

The Group's effective tax rate for the quarter under review was lower than the statutory tax rate mainly due to double deduction incentives on certain expenses. The Group's effective tax rate for the financial year-to-date was higher than the statutory tax rate mainly due to certain expenses not allowed for tax deduction.

17. Corporate proposals

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

18. Group's borrowings and debt securities

There were no borrowings outstanding as at 31 December 2012.

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 interim dividend for the quarter ended 31 December 2012 of the financial year ending 30 June 2013 (2nd quarter 2011/2012 : Nil).

b) For the financial year-to-date, no dividend has been declared (2011/2012 : Nil).

21. Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

The 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 RM225,000 (2nd quarter 2011/2012:RM18,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (2nd quarter 2011/2012 : 62,187,600).

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21. Earnings Per Ordinary Share (cont'd)

a) Basic earnings per ordinary share (cont'd)

The basic earnings per ordinary share for the financial year-to-date is based on the profit attributable to equity holders of the parent of RM278,000 (2011/2012: of RM355,000) and the weighted average number of ordinary shares during the period of 62,187,600 (2011/2012: 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.

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	Restated As At End of Preceding Financial Year
	31/12/2012 RM'000	30/06/2012 RM'000
Total accumulated losses of the Company and the subsidiaries:-		
-realised	(2,789)	(3,231)
-unrealised	816	980
	<u>(1,973)</u>	<u>(2,251)</u>
Less: Consolidation adjustments	(36,481)	(36,481)
Group's accumulated losses	<u>(38,454)</u>	<u>(38,732)</u>

By Order of the Board
Narra Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
4 February 2013