

Luster Industries Bhd.
 (Company No. 156148-P)
 (Incorporated in Malaysia)
and its subsidiaries

Condensed consolidated balance sheet at 30 June 2003

	Note	Unaudited 30 Jun 2003	Audited 31 Dec 2002
		RM'000	RM'000
Property, plant and equipment		71,294	73,750
Investments in subsidiaries		-	-
Investments in associates		-	-
Investments in jointly controlled entities		-	-
Other investments		-	-
Properties under development		-	-
Intangible assets		-	-
		71,294	73,750
Current assets			
Inventories		17,786	11,606
Properties under development		-	-
Trade and other receivables		33,629	24,856
Tax refundable		1,914	832
Cash and cash equivalents		3,258	4,615
		56,587	41,909
Current liabilities			
Trade and other payables		26,608	25,145
Borrowings		23,018	14,366
Taxation		602	28
Provision for warranties		-	-
		50,228	39,538
Net current assets		6,359	2,371
		77,653	76,121

Company No. 156148-P

Financed by:

	Note	30 Jun 2003	31 Dec 2002
		RM'000	RM'000
Capital and reserves			
Share capital		50,080	4,000
Reserves		9,043	41,995
Treasury shares		-	-
		<hr/>	<hr/>
		59,123	45,995
Minority shareholders' interests		900	11,219
Long term and deferred liabilities			
Borrowings		13,684	14,646
Deferred taxation		3,946	4,260
Retirement benefits		0	0
		<hr/>	<hr/>
		17,630	18,906
		<hr/>	<hr/>
		77,653	76,121
		<hr/> <hr/>	<hr/> <hr/>
NTA/Share (RM)		1.18	11.50

The notes set out on pages 6 to 9 form an integral part of, and, should be read in conjunction with, this interim financial report.

Luster Industries Bhd.

(Company No. 156148-P)

(Incorporated in Malaysia)

and its subsidiaries**Condensed consolidated income statements for the period ended 30 Jun 2003**

	Current Year Quarter	Current
	30 Jun	Year To Date
Note	2003	30 Jun 2003
	RM'000	RM'000
Revenue	33,309	56,438
	=====	=====
Operating profit	4,938	5,777
Interest expense	(516)	(988)
Interest income	-	9
Share of profit of associates and jointly controlled entities	-	-
	-----	-----
Profit before taxation	4,422	4,798
Tax expense	(552)	(299)
	-----	-----
Profit after taxation	3,870	4,499
Less: Minority interests	(159)	(15)
	-----	-----
Net profit for the period	3,711	4,484
	=====	=====
Basic earnings per ordinary share (sen)	7.41	9.02
	=====	=====
Diluted earnings per ordinary share (sen)	7.41	9.02
	=====	=====

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**Condensed consolidated statement of changes in equity
 for the six months ended 30 Jun 2003**

	Non-Distributable			Distributable	
	Share Capital RM'000	Share premium RM'000	Exchange Fluctuation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2003	4,000	-	(135)	42,130	45,995
Issue of shares at RM11.15 per share	785	7,968	-	-	8,753
Bonus Issue	45,295	(7,968)	-	(37,327)	-
Net profit after tax for six months period	-	-	(23)	4,398	4,375
At 30 June 2003	50,080	-	(158)	9,201	59,123

Luster Industries Bhd.
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**Condensed consolidated cash flow statement
 for the six months ended 30 June 2003**

	Current Yr' Quarter 30 Jun 2003 RM'000	Current YTD 2003 RM'000
Cash flows from operating activities		
Profit before tax	4,422	4,798
Adjustments for :-		
Non-cash items	2,374	4,747
Non-operating items (investing/financing)	533	965
Operating profit before changes in working capital	7,329	10,509
Changes in working capital :-		
Net change in current assets	(14,981)	(14,952)
Net change in current liabilities	(747)	(914)
<i>Net cash inflow from operating activities</i>	(8,399)	(5,356)
Cash flows from investing activities		
Equity investments	-	(432)
Other investments	77	(2,259)
<i>Net cash outflow from investing activities</i>	77	(2,691)
Cash flows from financing activities		
Transactions with owners (e.g. dividends paid, rights issue etc.)	-	-
Bank borrowings	5,816	4,852
Debt securities issued	-	-
<i>Net cash inflow from financing activities</i>	5,816	4,852
Net increase/(decrease) in cash and cash equivalents	(2,506)	(3,195)
Cash and cash equivalents at beginning of year	(611)	79
Effects of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	(3,116)	(3,116)
Cash and cash equivalents consist of :-		
Cash and bank balances	2,090	2,090
Fixed deposits	1,168	1,168
Bank overdrafts	(6,374)	(6,374)
	(3,116)	(3,116)

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LUSTER INDUSTRIES BHD.
(Company No. 156148-P)
(Incorporated in Malaysia)
Notes to the interim financial report

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 December 2002.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2002, except for the adoption of new applicable approved accounting standards as set out below:-

- a) MASB 25, Income Tax.
- b) MASB 27, Borrowing Costs.
- c) MASB 29, Employee Benefits.

2. Auditors' qualification

No qualification on the audit report of the preceding annual financial statements of Luster Industries Bhd.

3. Seasonality or cyclicity factors

The operations of the Group are subject to seasonal order throughout the year. The revenue of the Group will usually peak from April onwards and will experience slight slowdown at the year end.

4. Exceptional and extraordinary items

There were no material exceptional and extraordinary items for the period under review.

5. Change in estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

6. Change in debt and equity securities

A bonus issue of 45,294,976 new ordinary shares of RM1 each on the basis of approximately 9,466 new ordinary shares of RM1 each for every 1,000 existing ordinary shares of RM1 each held.

Other than the above, there were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the current financial quarter to date.

7. Dividends paid

No dividend was paid for the current quarter ended 30 June 2003.

8. Segment revenue and results

No segment information by business activities has been prepared as the Group's activities involves is primarily in one sector of operations only.

9. Revaluation of property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation.

There were no material write-down in property, plant and equipment during the quarter under review.

10. Material post balance sheet events

Subsequent to the period under review, Luster Industries Bhd will undertake the issuance of 9,920,000 new ordinary shares of RM1 each at an issue price of RM1.40 each payable in full upon application comprising:

- 2,167,000 new ordinary shares of RM1.00 each available for application by Malaysian public;
- 2,113,000 new ordinary shares of RM1.00 each available for application by eligible Directors and employees of Luster Industries Bhd. and its subsidiaries who are Malaysians;
- 1,640,000 new ordinary shares of RM1.00 each to Bumiputera Investors approved by MITI; and
- 4,000,000 new ordinary shares of RM1.00 each by way of Private Placement.

in conjunction with its listing on the Main Board of the Kuala Lumpur Stock Exchange.

11. Changes in Group's composition

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

12. Changes in contingent liabilities and assets

There were no changes in contingent liabilities and assets as at the date of this announcement.

13. Review of performance of the Company and its principal subsidiaries

The profit after taxation for the Group for the 6 months period was RM4.5million on a revenue of RM56.4 million. There were no material factors affecting the earnings of the Group for the current quarter and financial year to date.

14. Variation of results against preceding quarter

There was no preceding quarter's results as this is the first quarterly results announced by the Group in compliance with its listing on the Main Board of the Kuala Lumpur Stock Exchange.

15. Current year prospects

The directors believe that there are no material factors that will affect the prospects or likely to influence the Company's prospects for the remaining period to the end of the financial year.

16. Variance of profit forecast

Not applicable for this reporting.

17. Tax expense

	Current year Quarter 30 June 2003 RM'000	Current year Todate 30 June 2003 RM'000
Current taxation		
- Based on results for the period	601	614
- Prior years		
Deferred taxation	(49)	(315)
	<u>552</u>	<u>299</u>

The Group's effective tax rate was lower than the prima facie tax rate due to the reinvestment allowance available to the group.

18. Profit/(Loss) on sale of unquoted investments and/or properties for current quarter and financial year-to-date

On 31 March 2003, the Group disposed of Luster Mould Sdn Bhd, one of its subsidiaries for RM87,773. This contributed a loss of RM1,169 to the consolidated results for the period ended 30 June 2003.

19. Purchase or disposal of quoted securities

There were no material purchases or disposals of quoted shares for the period under review.

20. Status of corporate proposals

There were no corporate proposals during the financial period under review.

21. Group borrowings and debts securities

There were no debt securities for the current financial period to date.

The Group borrowings as at end of the current financial period to date are as follows:

	30 June 2003 RM'000
Current Secured	<u>23,018</u>
Non-current Secured	<u>13,684</u>

The above borrowings are denominated in Ringgit Malaysia.

22. Off balance sheet financial instruments

The group did not enter into any contracts involving off balance sheet financial instruments as at the date of this report.

23. Changes in material litigation

The Group was not engaged in any material litigation for the current financial period to date.

24. Proposed dividend

No dividend is proposed for the quarter ended 30 June 2003.

25. Earnings per share

The calculation of basic earnings per share for the current quarter and cumulative quarter are based on the net profit attributable to ordinary shareholders of RM3,710,593 and RM4,484,185 and the weighted average number of ordinary shares ordinary outstanding calculated as follows:

	Current year Quarter 30 June 2003 '000	Current year Todate 30 June 2003 '000
Issued ordinary shares at beginning of the period	4,785	4,000
Effect of ordinary shares issued on 31.3.2003	-	392
Bonus Issue	45,295	45,295
Weighted average number of ordinary shares	<u>50,080</u>	<u>49,687</u>

26. Capital commitments

There was no capital commitment during the period under review.

27. Related party transactions

There were no non-recurrent related party transactions during the period under review.

BY ORDER OF THE BOARD

Lam Voon Kean (MIA 4793)
Company Secretary
Dated this 8 September 2003