

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

1. Basis of preparation

The interim financial report has been prepared unaudited and in compliance with FRS 134, 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 Luster Industries Bhd for the year ended 31 December 2004.

The accounting policies and methods of computation adopted by Luster Industries Bhd and its subsidiaries in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2004.

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 subjected to seasonal orders throughout the reported period.

4. Exceptional and extraordinary items

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

5. Change in estimates

There was no material change in the estimates used for the preparation of this interim financial report.

6. Change in debt and equity securities

There was no change in debts and equity securities for the period under review.

7. Dividends paid

A final dividend of 1% less 28% income tax amounting to RM440,518 for the financial year ended 31 December 2004 were paid on 6th September 2005.

8. Segment revenue and results

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

Geographical Segments

Description	Unaudited Current year quarter ended 30 September 2005			Unaudited Preceding year quarter ended 30 September 2004		
	Revenues from external customer by location of customers	Segmental assets by location of assets	Capital expenditure by location of assets	Revenues from external customer by location of customers	Segmental assets by location of assets	Capital expenditure by location of assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	48,837	186,447	4,629	36,112	131,764	1,430
Overseas	5,177	15,326	84	1,622	18,046	516
	54,014	201,773	4,713	37,734	149,810	1,946
Elimination	-	-	-	-	-	-
Consolidated	54,014	201,773	4,713	37,734	149,810	1,946

Description	Unaudited Current year cumulative quarter ended 30 September 2005			Unaudited Preceding year cumulative quarter ended 30 September 2004		
	Revenues from external customer by location of customers	Segmental assets by location of assets	Capital expenditure by location of assets	Revenues from external customer by location of customers	Segmental assets by location of assets	Capital expenditure by location of assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	107,269	186,447	27,623	100,457	131,764	4,008
Overseas	10,901	15,326	244	2,810	18,046	4,189
	118,170	201,773	27,867	103,267	149,810	8,197
Elimination	-	-	-	-	-	-
Consolidated	118,170	201,773	27,867	103,267	149,810	8,197

9. Revaluation of property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation.
There was no material write-down in property, plant and equipment during the quarter under review.

10. Material post balance sheet events

There was no material post balance sheet event subsequent to the period under review.

11. Changes in Group's composition

There was no change in the composition of the Group for the current quarter.

12. Changes in contingent liabilities and assets

There was no change 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 tax and minority interest for third quarter 2005 was RM1,760,000, an increase of 39.9% compared to the corresponding quarter last year due to additional profit generated from the Group's investment in the following subsidiary:

- i. Mctronic Industries Sdn Bhd ("MISB"), a company engaged in the assembly of electronic products and printed circuit board assembly, and
- ii. Luster Plastic Industries Sdn Bhd, the Group's investments in high tonnage injection moulding machines for the waste management and automobile industries.

14. Variation of results against preceding quarter

Turnover for the quarter under review was 51.9% higher than the immediate preceding quarter. However, profit after taxation and minority interest for the quarter under review was RM289,000 lower than the profit recorded in the 2nd quarter 2005 due to pre-operating expenses incurred for a wholly owned subsidiary of MISB, Mctronic Plastic Sdn Bhd ("MPSB"). MPSB was incorporated on 6 April 2005 in Johor. The principal activity of MPSB is manufacturing and dealing in plastic products.

15. Current year prospects

The directors believe that there is no material factor that will affect the prospects or likely to influence the Company's prospect for the remaining period of the financial years.

16. Variance of profit forecast

Not applicable for this reporting.

17. Tax expense

	Current year quarter ended 30 September 2005 RM'000	Previous year quarter ended 30 September 2004 RM'000
Current taxation		
- Based on results for the period	55	877
- Prior years		
Deferred taxation	-	(1,000)
	<u>55</u>	<u>(123)</u>

The lower taxation rate for the quarter ended 30 September 2005 is due to the availability of reinvestment allowances for the Group.

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

There was no sale of any unquoted investments and properties for the current quarter under review.

19. Purchase or disposal of quoted securities

There was no material purchase or disposals of quoted shares for the period under review.

20. Status of corporate proposals

There was no new corporate proposal during quarter under review.

21. Group borrowings and debts securities

There was no debt security for the current financial period to date.

The Group borrowings as at end of the current quarter end are as follows:

	30 September 2005 RM'000
Current	
Secured	<u>56,553</u>
Non-current	
Secured	<u>29,900</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 was proposed for the quarter ended 30 September 2005.

25. Earnings per share

The calculation of earnings per share for the current quarter and corresponding quarter last year are based on net profit of RM1,760,000 and RM1,258,000 respectively.

Basic earnings per share

Weighted average number of ordinary shares

Description	Unaudited Current year quarter ended 30-Sept-05	Unaudited Preceding year quarter ended 30-Sept-04	Unaudited Current year cumulative quarter ended 30-Sept-05	Unaudited Preceding year cumulative quarter ended 30-Sept-04
Issued ordinary shares at beginning of the period	61,183	60,934	61,122	60,836
Effect of ordinary shares issued	-	47	-	17
Weighted average number of ordinary shares	61,183	60,981	61,122	60,853

Diluted earning per share

Weighted average number of ordinary shares (diluted)

Description	Unaudited Current year quarter ended 30-Sept-05	Unaudited Preceding year quarter ended 30-Sept-04	Unaudited Current year cumulative quarter ended 30-Sept-05	Unaudited Preceding year cumulative quarter ended 30-Sept-04
Issued ordinary shares at beginning of the period	61,183	60,981	61,122	60,853
Effect of ESOS	-	873	-	1,039
Weighted average number of ordinary shares	61,183	61,854	61,122	61,892

BY ORDER OF THE BOARD

Lam Voon Kean (MIA4793)

Company Secretary

Dated this 30th day of November 2005