

LUSTER INDUSTRIES BHD
(Company No. 156148-P)
(Incorporated in Malaysia)
and its subsidiaries

Condensed consolidated balance sheet

	Note	Unaudited as at 30-Jun-08 RM'000	Audited as at 31-Dec-07 RM'000
Assets			
Property, plant & equipment		72,182	73,446
Prepaid lease payment		5,440	5,494
Intangible Assets		10,855	10,855
Total non-current assets		<u>88,477</u>	<u>89,795</u>
Current assets			
Inventories		23,120	23,571
Trade and other receivables		45,610	42,794
Tax refundable		3,480	4,533
Cash and cash equivalents		7,636	5,751
Total current assets		<u>79,846</u>	<u>76,649</u>
Total assets		<u>168,323</u>	<u>166,444</u>
Equity			
Share capital		61,183	61,183
Reserves		(38,452)	(35,991)
Total equity attributable to shareholders of the Company		22,731	25,192
Minority interests		1,976	1,972
Total equity		<u>24,707</u>	<u>27,164</u>
Liabilities			
Interest bearing borrowings		21,120	23,545
Other Payables		7,460	7,502
Deferred tax liabilities		3,617	3,617
Total non-current liabilities		<u>32,197</u>	<u>34,664</u>
Trade and other payables		49,746	38,342
Borrowings		60,977	65,488
Taxation		696	786
Total current liabilities		<u>111,419</u>	<u>104,616</u>
Total liabilities		143,616	139,280
Total equity and liabilities		<u>168,323</u>	<u>166,444</u>
Net Asset per share		0.37	0.41

The notes set out on page 5 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)
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and its subsidiaries

Condensed consolidated income statement

	Unaudited current year quarter ended 30-Jun-08 RM'000	Unaudited preceding year quarter ended 30-Jun-07 RM'000	Unaudited current year ended 30-Jun-08 RM'000	Unaudited preceding year ended 30-Jun-07 RM'000
Revenue	48,608	37,491	90,244	69,735
Cost of sales	(46,468)	(31,813)	(83,643)	(58,230)
Gross profit	<u>2,140</u>	<u>5,679</u>	<u>6,601</u>	<u>11,506</u>
Other income	3,116	(55)	3,194	(696)
Distribution expenses	(644)	(1,167)	(1,305)	(2,272)
Administration expenses	(3,822)	(4,472)	(7,794)	(9,111)
Other expenses	-	-	-	-
Profit from operations	<u>790</u>	<u>(15)</u>	<u>696</u>	<u>(573)</u>
Share of profit after tax and minority interest and associate				
Share of profit after tax of jointly controlled entity				
Pre-acquisition profit				
Impairment loss				
Finance costs	(1,599)	(1,419)	(2,836)	(2,859)
Profit/(Loss) before tax	<u>(809)</u>	<u>(1,434)</u>	<u>(2,140)</u>	<u>(3,432)</u>
Income tax expense	(35)	(362)	(72)	(512)
Profit/(Loss) for the period	<u>(844)</u>	<u>(1,796)</u>	<u>(2,212)</u>	<u>(3,944)</u>
Attributable to :				
Shareholders of the company	(1,018)	(1,563)	(2,216)	(3,836)
Minority interests	174	(233)	4	(108)
Profit/(Loss) for the period	<u>(844)</u>	<u>(1,796)</u>	<u>(2,212)</u>	<u>(3,944)</u>
Basic earnings per ordinary shares (sen)	<u>(1.66)</u>	<u>(2.55)</u>	<u>(3.62)</u>	<u>(6.27)</u>
Diluted earnings per ordinary shares (sen)	<u>(1.66)</u>	<u>(2.55)</u>	<u>(3.62)</u>	<u>(6.27)</u>

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LUSTER INDUSTRIES BHD
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Condensed unaudited consolidated statement of changes in equity for the year ended 30 June 2008

	Share Capital	Non-Distributable Share Premium	Exchange Reserve	Retained Profits	Total	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2008	61,183	2,337	22	(38,351)	25,191	1,972	27,163
Exchange difference on translation of :							
- financial statement of oversea subsidiaries	-	-	(244)	-	(244)	-	(244)
- related borrowings	-	-	-	-	-	-	-
Net gain recognised directly in equity	61,183	2,337	(222)	(38,351)	24,947	1,972	26,919
Profit for the period	-	-	-	(2,216)	(2,216)	4	(2,212)
Total recognised income and expense for the period	61,183	2,337	(222)	(40,567)	22,731	1,976	24,707
Dividends approved in respect of previous year	-	-	-	-	-	-	-
As at 30 June 2008	61,183	2,337	(222)	(40,567)	22,731	1,976	24,707

The notes set out on page 5 to 9 form an integral part of and should be read in conjunction with this interim financial report.

LUSTER INDUSTRIES BHD
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Condensed consolidated cash flow statement

	Unaudited current quarter ended 30-Jun-08 RM'000	Unaudited preceding quarter ended 30-Jun-07 RM'000
Net cash from operating activities	8,869	5,477
Net cash used in investing activities	592	(8,969)
Net cash used in financing activities	(6,935)	501
Net decrease in cash & cash equivalent	<hr/> 2,526	<hr/> (2,991)
Cash & cash equivalent as at 1 January	5,107	4,904
Effect of foreign exchange rate changes	3	93
Cash & cash equivalents as at 30 June 2008	<hr/> <hr/> 7,636	<hr/> <hr/> 2,006

The notes set out on page 5 to 9 form an integral part of and should be read in conjunction with this interim financial reports.

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 un-audited 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 2007.

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 2007.

2. Changes in accounting policies

The MASB has also issued the following FRSs that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing the financial statements for 31 December 2007:

FRS 107, Cash Flow Statements

FRS 111, Construction Contracts

FRS 112, Income Taxes

FRS 118, Revenue

FRS 120, Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

FRS 134, Interim Financial Reporting

FRS 137, Provisions, Contingent Liabilities And Contingent Assets

The Group and the Company plan to apply the rest of the abovementioned FRSs for the annual period beginning 1 January 2008, where applicable, except for FRS 139, Financial Instruments: Recognition and Measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs are not expected to have any material impact on the financial statements of the Group and of the Company.

3. Auditors' qualification

The audited report of the preceding annual financial statements of Luster Industries Bhd contained emphasis of matter on the uncertainties over its ability to continue as a going concern.

4. Seasonality or cyclicity factors

The operations of the Group are subjected to seasonal orders throughout the reported period.

5. Exceptional and extraordinary items

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

6. Change in estimates

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

7. Change in debt and equity securities

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

8. Dividends paid

No dividend was paid for the current quarter ended 30 June 2008.

9. Segment revenue and results

The Company's primary format for reporting segment information is business segments. Revenue from external customers represents the sales value of goods supplied to customers, rental income, and income from mould modifications and sub-contracted fees.

	Contract manufacturing		Waste management		Trading		Bulk Packaging		Inter-segment elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	71,645	47,422	8,039	13,494	1,926	4,131	8,633	4,688			90,244	69,735
Inter-segment revenue	4,839	3,539	1,910	4,943	429	2,012	-	3	(7,178)	(10,497)	-	-
Total	76,484	50,961	9,949	18,437	2,355	6,143	8,633	4,691	(7,178)	(10,497)	90,244	69,735
PAT	(653)	(2,422)	(1,593)	(580)	(671)	135	704	(1,140)	-	63	(2,212)	(3,944)

10. 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.

11. Material post balance sheet events

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

12. Changes in Group's composition

On 28 March 2008, Luster Precision Engineering Sdn Bhd ("LPESB"), a wholly owned subsidiary of Luster Industries Bhd ("LIB"), entered into a Sales & Purchase Agreement to dispose the entire 60% shareholding in MY Flexitank Industries Sdn Bhd ("MYF") to MYF Bulk Pack Sdn Bhd ("MBP") (formerly known as Cortainer Products Sdn Bhd) for a cash consideration of Ringgit Malaysia Three Hundred Twenty Nine Thousand Five Hundred Sixty One only (RM329,561.00) ("the Purchase Price") to be settled within 6 months period from the date of the Sales & Purchase Agreement.

Other than the above, there was no change in the composition of the Group for the current quarter.

13. Changes in contingent liabilities and assets

There was no change in contingent liabilities and assets as at the date of this announcement.

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

The Group has recorded a revenue of RM90.2 million for the current period ended 30 June 2008 as compare to the last corresponding period of RM69.7 million. The increase is mainly due to the contribution from the OEM project in its subsidiary in Johor. The lower gross margin recorded was mainly due to the disposal and written-off of the Company's obsolete inventories. Overall, its contract manufacturing division has also recorded an improvement as compared to the last corresponding period.

Measures taken to address the adverse financial performance last year has seen improvement and managed to contain further deterioration of the financial performance.

Overall, the Group managed to record a lower loss after taxation of RM2.2 million for the current period ended 30 June 2008 as compared to a loss after taxation of RM3.9 million in the last corresponding period.

15. Variation of results against preceding quarter

Turnover for the current year quarter ended 30 June 2008 was RM48.6 million as compared to immediate preceding quarter of RM41.6 million. The higher demand especially in the electrical and electronic sectors contributed to the higher revenue. The group recorded a lower loss after taxation of RM0.8 million as compared to a loss after taxation of RM1.4 million in the immediate preceding quarter mainly due to the cost and margin improvement measures taken and the gain on the disposal of machinery.

16. Current year prospects

Barring any unforeseen circumstances, the Board of Directors is of the opinion that with the corrective measures taken and the strategies put in place to expand and enhance the competitiveness of the business, it will be able to steer the company towards profitability.

17. Variance of profit forecast

Not applicable for this reporting.

18. Tax expense

	Current year quarter ended 30 June 2008 RM'000	Previous year quarter ended 30 June 2007 RM'000
Current taxation		
- Based on results for the period	35	362
- Prior years	-	-
Deferred taxation	-	-
	<hr/> <hr/>	<hr/> <hr/>
	35	362

19. 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.

20. Purchase or disposal of quoted securities

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

21. Status of corporate proposals

There was no new corporate proposal during quarter under review.

22. 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 June 2008 RM'000
Current	
Secured	60,977
Non-current	
Secured	21,120

The above borrowings are denominated in Ringgit Malaysia.

23. 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.

24. Changes in material litigation

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

25. Proposed dividend

No dividend was proposed for the quarter ended 30 June 2008.

26. Earnings per share

The calculation of earnings per share for the current quarter and corresponding quarter last year are based on net loss after taxation and after minority interest of RM1.0 million and RM1.6 million respectively.

Basic earnings per share

Weighted average number of ordinary shares

Description	Unaudited Current year quarter ended 30-Jun-08	Unaudited Preceding year quarter ended 30-Jun-07	Unaudited Current year cumulative quarter ended 30-Jun-08	Unaudited Preceding year cumulative quarter ended 30-Jun-07
Issued ordinary shares at beginning of the period	61,183	61,183	61,183	61,183
Effect of ordinary shares issued	-	-	-	-
Weighted average number of ordinary shares	61,183	61,183	61,183	61,183

Diluted earning per share

Weighted average number of ordinary shares (diluted)

Description	Unaudited Current year quarter ended 30-Jun-08	Unaudited Preceding year quarter ended 30-Jun-07	Unaudited Current year cumulative quarter ended 30-Jun-08	Audited Preceding year cumulative quarter ended 30-Jun-07
Issued ordinary shares at beginning of the period	61,183	61,183	61,183	61,183
Effect of ESOS	-	-	-	-
Weighted average number of ordinary shares	61,183	61,183	61,183	61,183

BY ORDER OF THE BOARD

Lam Voon Kean (MIA4793)

Company Secretary

Dated this 29th day of August 2008