

LUSTER INDUSTRIES BHD

(Company No. 156148-P)

(Incorporated in Malaysia)

and its subsidiaries**Condensed consolidated balance sheet**

	Note	Unaudited as at 30-Sep-09 RM'000	Audited as at 31-Dec-08 RM'000
Assets			
Property, plant & equipment		38,257	62,118
Prepaid lease payment		4,666	4,732
Intangible Assets		-	-
Total non-current assets		<u>42,923</u>	<u>66,850</u>
Current assets			
Inventories		6,337	12,172
Trade receivables		14,180	26,790
Other receivables, deposits and prepayments		6,201	2,866
Tax refundable		2,779	2,859
Fixed deposits with licensed banks		20	658
Cash and cash equivalents		3,712	5,592
Total current assets		<u>33,229</u>	<u>50,937</u>
Assets of disposed group classified as held for sale		50,420	9,408
Total assets		<u><u>126,572</u></u>	<u><u>127,195</u></u>
Equity			
Share capital		61,183	61,183
Reserves		(59,434)	(54,410)
Total equity attributable to shareholders of the Company		<u>1,749</u>	<u>6,773</u>
Minority interests		<u>2,363</u>	<u>2,362</u>
Total equity		<u><u>4,112</u></u>	<u><u>9,135</u></u>
Liabilities			
Interest bearing borrowings		4,554	13,847
Other Payables		-	-
Deferred tax liabilities		695	1,491
Total non-current liabilities		<u>5,249</u>	<u>15,338</u>
Trade payables		2,056	17,652
Other payables and accruals		8,780	10,978
Borrowings		64,755	66,583
Taxation		63	1,121
Total current liabilities		<u>75,654</u>	<u>96,334</u>
Liabilities directly associated with assets classified as held for sale		41,557	6,388
Total liabilities		<u>122,460</u>	<u>118,060</u>
Total equity and liabilities		<u><u>126,572</u></u>	<u><u>127,195</u></u>
Net Asset per share (RM)		0.03	0.11

The notes set out on page 5 to 11 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 statement**

	Unaudited current year quarter ended 30-Sep-09 RM'000	Unaudited preceding year quarter ended 30-Sep-08 RM'000	Unaudited current year ended 30-Sep-09 RM'000	Unaudited preceding year ended 30-Sep-08 RM'000
Revenue	8,966	45,984	26,702	136,228
Cost of sales	(8,265)	(40,290)	(24,442)	(123,932)
Gross profit	<u>701</u>	<u>5,694</u>	<u>2,260</u>	<u>12,296</u>
Other income/(expenses)	212	(429)	726	2,765
Distribution expenses	(88)	(564)	(264)	(1,869)
Administration expenses	(1,351)	(2,379)	(3,748)	(10,172)
Profit/(Loss) from operations	<u>(526)</u>	<u>2,322</u>	<u>(1,026)</u>	<u>3,020</u>
Share of profit after tax and minority interest and associate	-	-	-	-
Share of profit after tax of jointly controlled entity	-	-	-	-
Pre-acquisition profit	-	-	-	-
Provision for doubtful debts	-	(532)	-	(532)
Finance costs	(1,480)	(1,284)	(3,736)	(4,120)
Profit/(Loss) before tax	<u>(2,006)</u>	<u>506</u>	<u>(4,762)</u>	<u>(1,632)</u>
Income tax expense	(7)	(26)	(64)	(98)
Profit/(Loss) for the period	<u>(2,013)</u>	<u>480</u>	<u>(4,826)</u>	<u>(1,730)</u>
Attributable to :				
Shareholders of the company	(2,013)	214	(4,826)	(2,001)
Minority interests	-	266	-	271
Profit/(Loss) for the period	<u>(2,013)</u>	<u>480</u>	<u>(4,826)</u>	<u>(1,730)</u>
Basic earnings per ordinary shares (sen)	<u>(3.29)</u>	<u>0.35</u>	<u>(7.89)</u>	<u>(3.27)</u>
Diluted earnings per ordinary shares (sen)	<u>(3.29)</u>	<u>0.35</u>	<u>(7.89)</u>	<u>(3.27)</u>

The notes set out on page 5 to 11 form an integral part of and should be read in conjunction with this interim financial report.

LUSTER INDUSTRIES BHD
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Condensed unaudited consolidated statement of changes in equity for the year ended 30 September 2009

	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 2009	61,183	2,337	637	(57,385)	6,772	2,363	9,135
Exchange difference on translation of :							
- financial statement of oversea subsidiaries	-	-	(197)	-	(197)	-	(197)
- related borrowings					-		-
Net gain recognised directly in equity	61,183	2,337	440	(57,385)	6,575	2,363	8,938
Loss for the period	-	-	-	(4,826)	(4,826)	-	(4,826)
Total recognised income and expense for the period	61,183	2,337	440	(62,211)	1,749	2,363	4,112
Dividends approved in respect of previous year	-	-	-	-	-	-	-
As at 30 September 2009	61,183	2,337	440	(62,211)	1,749	2,363	4,112

The notes set out on page 5 to 11 form an integral part of and should be read in conjunction with this interim financial report.

LUSTER INDUSTRIES BHD
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 and its subsidiaries

Condensed consolidated cash flow statement

	Unaudited current quarter ended 30-Sep-09 RM'000	Unaudited preceding quarter ended 30-Sep-08 RM'000
Net cash from operating activities	2,126	2,602
Net cash from investing activities	71	1,459
Net cash used in financing activities	(367)	(7,324)
Net increase/(decrease) in cash & cash equivalent	1,830	(3,263)
Cash & cash equivalent as at 1 January	6,026	5,107
Cash & cash equivalent from discontinued and disposal group classified as held for sale	(4,144)	-
Effect of foreign exchange rate changes	-	11
Cash & cash equivalents as at 30 September 2009	3,712	1,855

The notes set out on page 5 to 11 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 2008.

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 2008.

2. Changes in accounting policies

The Company adopted the following new and revised FRSs and IC Interpretations during the financial year ended (“FYE”) 31 December 2008: -

FRS 107, Cash Flow Statements

*FRS111, Construction Contracts

FRS 112, Income Taxes

FRS 118, Revenue

*FRS120, Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS121, 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

*IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities.

*IC Interpretation 2, Members’ Shares in Co-operative Entities and Similar Instruments.

*IC Interpretation 5, Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

*IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

*IC Interpretation 7, Applying the Restatement Approach under FRS129²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies

IC Interpretation 8, Scope of FRS 2

The Group and the Company have not early adopted the following FRSs and IC Interpretations which are effective for financial periods beginning on or after 1 July 2009 and 1 January 2010.

Mandatory for financial period beginning on or after 1 July 2009:

FRS 8 Operating Segments

Mandatory for financial period beginning on or after 1 January 2010

*FRS4 Insurance Contracts

FRS7 Financial Instruments: Disclosures

FRS139 Financial Instruments: Recognition and Measurement

*IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

** Not applicable to the Group and to the Company*

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 disclaimer of opinion on the uncertainties over its ability to continue as a going concern and the consolidation of Mctronic Industries Sdn Bhd was based on its draft audited financial statements which have yet to be approved by MISB's directors as of the date of the Independent Auditors' report.

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 September 2009.

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.

Please refer to Appendix 1.

10. Revaluation of property, plant and equipment

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

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 May 2009 Luster Industries Bhd ("LIB") entered into a conditional share transfer agreement ("STA") with Tan Meng Chai and Cherng Chooi Lian ("Transferees") for the disposal of its entire equity interest in Mctronic Industries Sdn Bhd ("MISB"), comprising 1,280,000 ordinary shares of RM1.00 each in MISB ("Said Shares"), representing 80% of the equity interest in MISB for a cash consideration of RM6,355,073 ("Consideration"). Separate announcement will be made on 29 May 2009.

Securities Commission has approved the above disposal.

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 cease of operation for trading and waste equipment segments and the disposal of both MY Flexitank Industries Sdn Bhd ("MYF"), a 60% owned subsidiary and Mctronic Group (Mctronic Industries Sdn Bhd and Mctronic Plastic Sdn Bhd), a 80% owned subsidiary have contributed to the reduction of the turnover from RM46.0 million in the corresponding quarter in 2008 to RM9.0 million in the current quarter ended 30 September 2009. Hence, the group recorded loss after taxation of RM2.0 million as compared to a profit after taxation of RM0.5 million in the corresponding quarter in 2008. However, LIB managed to generate earnings before interest, tax and depreciation for the current quarter under review of approximately RM0.7 million and RM2.7 million for the nine months period ended 30 September 2009. The Group is currently utilising approximately 40% of its maximum manufacturing capacity. As such, the Group will be able to increase its sales volume without incurring any significant increase in fixed cost.

15. Variation of results against preceding quarter

The Group revenue had decreased by approximately 14.3% from RM10.5 million in the preceding quarter to RM9.0 million in current quarter under review. This is mainly due to the rescheduling of delivery to one of the customers in the current quarter ended 30 September 2009. However, the loss after taxation for the Group remains approximately the same at RM2.0 million as compared to RM2.1 million in the preceding period.

16. Current year prospects

With the current global financial crisis, the business environment in the near future will be very competitive and challenging. Global demand will drop especially from the US market. However, barring any unforeseen circumstances, the Board of Directors is of the opinion that with the measures taken and the strategies put in place to expand and enhance the competitiveness of the company together with the support of the banks and creditors, it will be able to weather through these challenges.

17. Discontinued operation and disposal group classified as held for sale

Major classes of assets and liabilities of disposal operation classified as held for sale on the consolidated balance sheet as at 30 September 2009 are as follows:

	Carrying Amount as at 30 Sep 2009		
	MYF#	MISB Group*	Total
	RM'000	RM'000	RM'000
Assets			
Property, plant and equipment	888	20,144	21,032
Intangible assets	1,595	-	1,595
Inventories	2,094	4,126	6,220
Trade and other receivables	4,324	13,032	17,356
Tax recoverable	73	-	73
Cash and bank balances	434	3,710	4,144
Assets of disposal group classified as held for sale	9,408	40,179	50,420
Liabilities			
Trade and other payables	6,412	17,048	23,460
Provision for taxation	-	1,085	1,085
Borrowings	2,447	13,769	16,216
Deferred taxation	-	796	796
Liabilities of disposal group classified as held for sale	8,859	32,698	41,557

MYF: MY Flexitank Industries Sdn Bhd, a 60% owned subsidiary of Luster Precision Engineering Sdn Bhd which is a wholly owned subsidiary of Luster Industries Bhd ("LIB").

* MISB Group: Mctronic Industries Sdn Bhd ("MISB") and its wholly owned subsidiary, Mctronic Plastic Sdn Bhd ("MPSB"). MISB is 80% owned subsidiary of LIB.

18. Variance of profit forecast

Not applicable for this reporting.

19. Tax expense

	Current year quarter ended 30 Sep 2009 RM'000	Previous year quarter ended 30 Sep 2008 RM'000
Current taxation		
- Based on results for the period	64	98
- Prior years	-	-
Deferred taxation	-	-
	<u>64</u>	<u>98</u>

20. 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.

21. Purchase or disposal of quoted securities

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

22. Status of corporate proposals

The decision from Bursa Malaysia Securities Berhad and Securities Commission (Private Debt Securities Department) pertaining to the regularisation plan which the Company had submitted on 18 September 2009 is still pending. Any further development will be announced in due course.

23. 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 Sep 2009 RM'000
Current	64,755
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Non-current	4,554
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The above borrowings are denominated in Ringgit Malaysia.

24. 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.

25. Changes in material litigation

Save as disclosed below, there is no pending or threatened litigation or any fact likely to give rise to the proceedings which might materially and adversely affect the business of LIB.

- **Tan Meng Chai & Cherng Chooi Lian (Plaintiffs) v. Luster Industries Bhd & Mctronic Industries Sdn Bhd (Defendants) - Muar High Court Civil Suit No: 22-71-2008**

The Plaintiffs have sought via the above suit that they are the beneficial owners of the disputed shares in Mctronic Industries Sdn Bhd.

Meanwhile, the Parties had on 28 May 2009 entered into an Agreement wherein upon completion of the Agreement, the parties shall instruct their solicitors to concurrently and/or jointly take all necessary actions to discontinue and/or withdraw the suit.

26. Proposed dividend

No dividend was proposed for the quarter ended 30 September 2009.

27. 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 RM2.0 million and net profit after taxation and after minority interest of RM0.2 million respectively.

Basic earnings per share

Weighted average number of ordinary shares

Description	Unaudited Current year quarter ended 30-Sep-09	Unaudited Preceding year quarter ended 30-Sep-08	Unaudited Current year cumulative quarter ended 30-Sep-09	Unaudited Preceding year cumulative quarter ended 30-Sep-08
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

BY ORDER OF THE BOARD

Lam Voon Kean (MIA4793)

Company Secretary

Dated this 30th day of November 2009

LUSTER INDUSTRIES BHD
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Appendix 1

	Contract manufacturing		Waste management		Trading		Bulk Packaging		Others		Inter-segment elimination		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	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	26,514	112,254	-	9,483	-	1,937	-	12,554	188	-	-	-	26,702	136,228
Inter-segment revenue	615	6,180	-	2,579	-	429	-	-	-	-	(615)	(9,188)	-	-
Total	27,129	118,434	-	12,062	-	2,366	-	12,554	188	-	(615)	(9,188)	26,702	136,228
PAT	(4,953)	1,271	-	(3,020)	-	(8)	-	821	135	-	-	-	(4,826)	(1,731)

Note: LusterPlastic Industries Sdn Bhd ("LPI") is previously manufacturing plastic mobile garbage bins for its associate company, i.e. MEA Environment (Asia Pacific) Pte Ltd ("MEA"), a wholly owned subsidiary of Luster Industries Bhd ("LIB") (MEA is a wholly owned subsidiary of Millennium Environment (Asia Pacific) Pte Ltd which is a wholly owned subsidiary of Luster Manufacturing Sdn Bhd ("LM"). LM is the wholly owned subsidiary of LIB), is now, pursuant to the Share Sale & Purchase Agreement signed on 23 September 2008 with Otto Holding Asia-Pacific Pte Ltd, manufacturing the plastic mobile garbage bins under the brand name of Otto. Therefore, the operation of LPI has been classified as contract manufacturing.