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

Condensed consolidated statement of financial position

	Unaudited as at 30-Sep-11 RM'000	Audited as at 31-Dec-10 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	27,970	29,084
Current assets		
Inventories	7,468	8,759
Trade receivables	15,926	11,116
Other receivables, deposits and prepayments	2,356	2,952
Tax refundable	568	496
Fixed deposits with licensed banks	21	21
Cash and cash equivalents	4,352	6,041
	30,691	29,385
TOTAL ASSETS	58,661	58,469
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	61,183	61,183
Reserves	(85,364)	(80,864)
Total equity	(24,181)	(19,681)
Liabilities		
Non-current liabilities		
Interest bearing borrowings	100	118
Deferred tax liabilities	54	54
	154	172
Current liabilities		
Trade payables	2,102	1,661
Other payables and accruals	2,467	2,266
Borrowings	78,023	74,008
Taxation	96	43
	82,688	77,978
Total liabilities	82,842	78,150
TOTAL EQUITY AND LIABILITIES	58,661	58,469
Net Asset per share (RM)	**(0.40)**	**(0.32)**

The notes set out on page 5 to 13 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 statement of comprehensive income

	Unaudited current year quarter ended 30-Sep-11 RM'000	**Unaudited preceding year quarter ended 30-Sep-10 RM'000**	**Unaudited current year ended 30-Sep-11 RM'000**	**Unaudited preceding year ended 30-Sep-10 RM'000**
Revenue	14,166	13,449	34,283	36,700
Cost of sales	(13,173)	(15,057)	(31,554)	(35,361)
Gross profit	993	(1,608)	2,729	1,339
Adminstration expenses	(1,017)	(1,313)	(2,881)	(3,877)
Distribution expenses	(249)	(268)	(560)	(607)
Other income /(expenses)	527	(110)	495	(1,891)
Results from operating activities	254	(3,299)	(217)	(5,036)
Finance costs	(1,480)	(1,330)	(4,269)	(4,108)
Loss before tax	(1,226)	(4,629)	(4,486)	(9,144)
Income tax expense	(7)	319	(20)	(20)
Loss for the period	(1,233)	(4,310)	(4,506)	(9,164)
Other comprehensive income :				
Exchange translation reserve	-	77	6	96
Total comprehensive loss for the period	(1,233)	(4,233)	(4,500)	(9,068)
Profit attributable to :				
Shareholders of the company	(1,233)	(4,310)	(4,506)	(9,164)
Total comprehensive loss attributable to :				
Shareholders of the company	(1,233)	(4,233)	(4,500)	(9,068)
Basic earnings per ordinary shares (sen)	(2.02)	(7.04)	(7.36)	(14.98)
Diluted earnings per ordinary shares (sen)	(2.02)	(7.04)	(7.36)	(14.98)

The notes set out on page 5 to 13 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 unaudited consolidated statement of changes in equity for the year ended 30 September 2011

		Non-Distributable					
	Share Capital	**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 2010	61,183	2,338	76	(64,324)	(727)	2,025	1,298
Total comprehensive loss for the period	-	-	96	(9,164)	(9,068)	(2,025)	(11,093)
As at 30 September 2010	61,183	2,338	172	(73,488)	(9,795)	-	(9,795)
As at 1 January 2011	61,183	2,338	(30)	(83,172)	(19,681)	-	(19,681)
Total comprehensive loss for the period			6	(4,506)	(4,500)	-	(4,500)
As at 30 September 2011	61,183	2,338	(24)	(87,678)	(24,181)	-	(24,181)

The notes set out on page 5 to 13 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 cash flow statement	**Unaudited current quarter ended 30-Sep-11 RM'000**	**Unaudited preceding quarter ended 30-Sep-10 RM'000**
Net cash used in operating activities	(1,201)	(178)
Net cash used in investing activities	(417)	(146)
Net cash used in financing activities	(33)	(73)
Net decrease in cash & cash equivalent	(1,651)	(397)
Cash & cash equivalent as at 1 January	6,041	8,236
Cash & cash equivalent from discontinued and disposal group classified as held for sale	-	(3,710)
Effect of foreign exchange rate changes	(38)	(2)
Cash & cash equivalents as at 30 September 2011	4,352	4,127

The notes set out on page 5 to 13 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)
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 2010.

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 2009, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") with effect from 1 January 2010.

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 2	Share Based Payment. Amendments relating to vesting conditions and cancellations
Amendments to FRS 132	Financial Instruments : Presentation. Amendments relating to puttable financial instruments and effective date and transition of the classification of compound instruments
Amendments to FRS 139, FRS 132 and IC Interpretation 9	Financial Instruments : Recognition and Measurement, Financial Instruments : Disclosure and Reassessment of Embedded Derivatives. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives

Improvements to FRSs issued in 2009 and mandatory for annual financial periods beginning on or after 1 January 2010.

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

FRS 4 Insurance Contract and TR *i*-3 Presentation of Financial Statements of Islamic Financial Institutions are effective for annual financial period beginning on or after 1 January 2010, however, they are not expected to be relevant to the operations of the Group and of the Company.

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company except for the following. The effects of adoption on the financial statements are shown in Note 31 to the financial statements.

FRS 7 Financial Instruments : Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 1142004 Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

Prior to 1 January 2010, the Group identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. Following the adoption of FRS 8, the Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114_{2004}.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The details of the changes in accounting policies arising from the adoption of FRS 139 are discussed below :

- Impairment of trade receivables :

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

- Financial guarantee contracts :

During the current period and prior years, the Company provided financial guarantees to banks in connection with bank borrowings granted to certain subsidiaries, a related party and a third party. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

Improvements to FRSs 2009

The adoption of Improvements to FRSs issued in 2009 and mandatory for annual financial periods beginning on or after 1 January 2010 will have the following impacts on the financial statements :

Amendment to FRS 117 Leases

The amendment clarifies the classification of lease of land and requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

Standards issued but not yet effective

The following are Standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company :

(a) Effective for financial periods beginning on or after 1 March 2010

Amendment to FRS 132	Financial Instruments : Presentation. Amendments relating to classification of rights issue

(b) Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 July 2010.

(c) Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters. Amendment relating to transition provisions for first-time adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters. Amendment relating to transition provision for first-time adopters in the industry of oil and gas
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions. Amendments relating to the scope and accounting for group cash-settled share-based payments transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurement using fair value hierarchy and disclosure of liquidity risk
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers *

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 January 2011.

* During the financial year, MASB approved and issued IC Interpretation 18 – Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

(d) Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Amendment relating to the treatment of prepayments of future contributions when there is a minimum funding requirement

(e) Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15	Agreements for the Construction of Real Estate
FRS 124	Related Party Disclosures

The existing FRS 1, FRS 3, FRS 127 and FRS 124 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 2012004. IC Interpretation 8 and IC Interpretation 11 will be withdrawn upon the application of Amendments to FRS 2 - Group Cash-settled Share-based Payment Transactions.

IC Interpretation 12 is not expected to be relevant to the operations of the Group and of the Company. The directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following :

FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The revised standard requires losses to be allocated to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

2. Auditors' qualification

The audited report of the preceding annual financial statements of Luster Industries Bhd contained an emphasis of matter on the uncertainties over its ability to continue as a going concern. The going concern of the Group is dependent on the approval and successful implementation of the proposed Regularisation Plans.

3. Seasonality or cyclicality 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**

No dividend was paid for the current quarter ended 30 September 2011.

8. **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		Others		Inter-segment elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	33,927	36,565	2,562	135	(2,206)	-	34,283	36,700
Segment results (Profit after taxation)	(2,298)	(6,209)	(2,208)	(2,955)	-	-	(4,506)	(9,164)

9. **Revaluation of property, plant and equipment**

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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 were no changes 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

Revenue for the current quarter under review was RM14.2 million as compared to RM13.4 million in previous year corresponding quarter. The group recorded loss after taxation of RM1.2 million as compared to a loss after taxation of RM4.3 million in the previous year corresponding quarter. This is mainly due to the initial development expenses and overheads incurred to kick off the new projects in previous year corresponding quarter which have been stabilised and generating positive income to the group.

The earnings before interest, tax, depreciation and amortisation (EBITDA) for the current quarter under review was RM0.8 million.

14. Variation of results against preceding quarter

Revenue in current quarter under review was RM14.2 million as compared to RM10.6 million in preceding quarter. The loss after taxation in current quarter under review was RM1.2 million as compared to loss of RM1.3 million in preceding quarter. The loss after taxation is reduced by 8% as compared to preceding quarter is mainly due to increase in sales which have improved the capacity utilisation the group.

15. Prospects

Our future business condition remains challenging in the next 12 months and the Group will continue its effort to manage costs and increase operational efficiency. The Group will also continue to rationalise its operations in order to stay competitive.

The management continue to take steps to differentiate the Group from its competitors in order to command a stronger and leading position in the market. The Board believes that the corporate exercises will position the Group well to cater to the burgeoning opportunities in these regions.

With the proposed acquisition as announced on 30 November 2010 and 7 January 2011, which provides the Group a synergistic platform, it will further enhance the Group's engineering and manufacturing capabilities. These will augur well for the Group's future growth.

The Board believes that with its restructuring and business strategies in place and barring any unforeseen circumstances, the Group will be able to deliver a better result in 2011.

16. Variance of profit forecast

Not applicable for this reporting.

17. Tax expense

	Current year quarter ended 30 Sep 2011 RM'000	Previous year quarter ended 30 Sep 2010 RM'000
Current taxation		
- Based on results for the period	7	(319)
- Prior years	-	-
Deferred taxation	-	-
	7	(319)

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

The board of directors had on 30 September 2011 announced that Bursa Malaysia Securities Berhad had via its letter dated 30 September 2011, resolved to approve, amongst others, LIB's Proposed Revised Regularisation Plan, subject to certain conditions.

On 25 November 2011, LIB and its subsidiaries, Luster Precision Engineering Sdn Bhd and Luster Plastic Industries Sdn Bhd had entered into Secured Debt Settlement Agreement and Unsecured Debt Settlement Agreement with the FI Creditors, pursuant to the Proposed Debt Settlement, in conjunction with the Proposed Revised Regularisation Plan. On even date, LIB had also entered into subscription agreements with the Secured FI Creditors in respect of the proposed issuance of redeemable convertible secured loan stocks ("**RCSLS**") pursuant to the Proposed Debt Settlement.

On 29 November 2011, the board of directors had announced that the Securities Commission had via its letter dated 25 November 2011 (which was received on 29 November 2011), granted its approval under section 212(5) of the Capital Markets and Services Act 2007 for the proposed issuance of RCSLS and irredeemable convertible unsecured loan stocks pursuant to the Proposed Debt Settlement and Proposed Acquisitions respectively, in conjunction with the Proposed Revised Regularisation Plan.

The Company is presently undertaking the due process of implementing the Proposed Revised Regularisation Plan.

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 are as follows:

	30 Sep 2011 RM'000
Current	78,023
Non-current	100

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

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.

24. Proposed dividend

No dividend was proposed for the quarter ended 30 September 2011.

25. Breakdown of realised and unrealised profits/(losses)

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows :

	Unaudited 30 Sep 2011 RM'000	Unaudited 31 Dec 2010 RM'000
Accumulated losses of the Group		
- Realised	(88,710)	(83,436)
- Unrealised	1,032	264
Accumulated losses	(87,678)	(83,172)

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

26. Earnings/(Losses) 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 RM1.2 million and net loss after taxation and after minority interest of RM4.3 million respectively.

Basic earnings per share

Weighted average number of ordinary shares

Description	Unaudited Current year quarter ended 30 Sep 11 '000	Unaudited Preceding year quarter ended 30 Sep 10 '000	Unaudited Current year cumulative quarter ended 30 Sep 11 '000	Unaudited Preceding year cumulative quarter ended 30 Sep 10 '000
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 2011