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

Condensed consolidated statement of financial position

	Unaudited as at 31-Dec-11 RM'000	Audited as at 31-Dec-10 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	26,224	29,084
Current assets		
Inventories	7,474	8,759
Trade receivables	11,947	11,116
Other receivables, deposits and prepayments	3,997	2,952
Tax refundable	546	496
Fixed deposits with licensed banks	22	21
Cash and cash equivalents	5,622	6,041
	29,608	29,385
Non-current assets classified as held for sale	1,659	-
TOTAL ASSETS	57,491	58,469
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	61,183	61,183
Reserves	(87,351)	(80,864)
Total equity	(26,168)	(19,681)
Liabilities		
Non-current liabilities		
Interest bearing borrowings	191	118
Deferred tax liabilities	61	54
	252	172
Current liabilities		
Trade payables	1,510	1,661
Other payables and accruals	2,050	2,266
Borrowings	79,821	74,008
Taxation	26	43
	83,407	77,978
Total liabilities	83,659	78,150
TOTAL EQUITY AND LIABILITIES	57,491	58,469
Net Asset per share (RM)	**(0.43)**	**(0.32)**

The notes set out on page 5 to 15 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 31-Dec-11 RM'000	**Unaudited preceding year quarter ended 31-Dec-10 RM'000**	**Unaudited current year ended 31-Dec-11 RM'000**	**Unaudited preceding year ended 31-Dec-10 RM'000**
Revenue	9,045	7,426	43,328	44,126
Cost of sales	(8,476)	(16,439)	(40,030)	(51,800)
Gross profit	569	(9,013)	3,298	(7,674)
Adminstration expenses	(776)	(144)	(3,657)	(4,722)
Distribution expenses	(504)	(491)	(1,064)	(1,098)
Other income /(expenses)	92	133	587	(1,057)
Results from operating activities	(619)	(9,515)	(836)	(14,551)
Finance costs	(1,406)	(1,450)	(5,675)	(5,558)
Loss before tax	(2,025)	(10,965)	(6,511)	(20,109)
Income tax expense	36	1,281	16	1,261
Loss for the period	(1,989)	(9,684)	(6,495)	(18,848)
Other comprehensive income :				
Exchange translation reserve	2	(202)	8	(106)
Total comprehensive loss for the period	(1,987)	(9,886)	(6,487)	(18,954)
Profit attributable to :				
Shareholders of the company	(1,989)	(9,684)	(6,495)	(18,848)
Total comprehensive loss attributable to :				
Shareholders of the company	(1,987)	(9,886)	(6,487)	(18,954)
Basic earnings per ordinary shares (sen)	(3.25)	(15.83)	(10.62)	(30.81)
Diluted earnings per ordinary shares (sen)	(3.25)	(15.83)	(10.62)	(30.81)

The notes set out on page 5 to 15 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 31 December 2011

		Non-Distributable					
	Share Capital	Share Premium	Exchange Reserve	Accumulated Losses	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	-	-	(106)	(18,848)	(18,954)	(2,025)	(20,979)
As at 31 December 2010	61,183	2,338	(30)	(83,172)	(19,681)	-	(19,681)
As at 1 January 2011	61,183	2,338	(30)	(83,172)	(19,681)	-	(19,681)
Total comprehensive loss for the period			8	(6,495)	(6,487)	-	(6,487)
As at 31 December 2011	61,183	2,338	(22)	(89,667)	(26,168)	-	(26,168)

The notes set out on page 5 to 15 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 cash flow

	Unaudited current quarter ended 31-Dec-11 RM'000	Unaudited preceding quarter ended 31-Dec-10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,511)	(20,109)
Adjustments for :		
Debts recovered	24	(47)
Depreciation	2,091	4,907
Impairment loss on property, plant and equipment	-	5,262
Impairment loss on receivables	-	794
Interest expense	5,675	5,558
Interest income	(22)	(27)
Loss/(Gain) on disposal of investment in a subsidiary	(85)	701
Loss/(Gain) on disposal of property, plant and equipment	(79)	569
Property, plant and equipment written off		3
Reversal of impairment loss on inventory no longer required	-	(1,623)
Unrealised loss/(gain) on foreign exchange	11	249
Waiver of interest	-	(170)
Operating (loss)/profit before working capital changes	1,104	(3,933)
Decrease in inventories	1,285	29
Decrease/(Increase) in receivables	(1,614)	(279)
(Decrease)/Increase in payables	(356)	(663)
Cash (used in)/generated from operations	419	(4,846)
Income tax refund/(paid)	(36)	2,829
Interest paid	(1,555)	(1,502)
Net cash (used in)/from operating activities	(1,172)	(3,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash flows from disposal of investment in a subsidiary	-	3,352
Interest received	22	25
Proceeds from disposal of property, plant and equipment	79	2,513
Purchase of property, plant and equipment	(891)	(395)
Net cash from/(used in) investing activities	(790)	5,495
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from hire purchase	125	-
Payment of hire purchase payables	(65)	(244)
Withdrawal of fixed deposits	-	101
Repayment of term loans	-	(1,415)
Net cash (used in)/from financing activities	60	(1,558)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,902)	418
Effects of foreign exchange rates changes	(56)	(363)
CASH AND CASH EQUIVALENTS AT BEGINNING	(12,118)	(12,173)
CASH AND CASH EQUIVALENTS AT END	(14,076)	(12,118)
Represented by :		
Cash and bank balances	5,622	6,041
Bank overdrafts	(19,698)	(18,159)
	(14,076)	(12,118)

The notes set out on page 5 to 15 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.

2. Changes in accounting policies

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.

<u>FRS 7 Financial Instruments : Disclosures</u>

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.

<u>FRS 8 Operating Segments</u>

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}.

<u>FRS 101 Presentation of Financial Statements (Revised)</u>

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.

3. 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.

4. **Seasonality or cyclicality 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 31 December 2011.

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		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	42,894	43,981	3,375	145	(2,941)	-	43,328	44,126
Segment results (Profit after taxation)	(3,232)	(10,814)	(3,263)	(8,033)	-	-	(6,495)	(18,847)

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

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

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**

There was no change in the composition of the Group during the current quarter under review except for the voluntary liquidation of LIB's 100%-owned subsidiary, PT Luster Indonesia as announced on 21 December 2011.

13. **Changes in contingent liabilities and assets**

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

14. Capital commitments

	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Contracted but not provided for	16,000	-

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

Revenue for the current quarter under review was RM9.0 million as compared to RM7.4 million in previous year corresponding quarter. The group recorded loss after taxation of RM2.0 million in current quarter under review as compared to a loss after taxation of RM9.7 million in the previous year corresponding quarter. The higher losses in the previous year corresponding quarter is mainly due to the provision of impairment losses on property, plant and equipment of RM5.3 million and impairment loss on receivables of RM0.8 million in previous year corresponding quarter. In addition, the initial development expenses and overheads incurred to kick off the new projects in previous year corresponding quarter also caused a higher loss after taxation in previous year corresponding quarter.

The loss before interest, tax, depreciation and amortisation (LBITDA) for the current quarter under review was RM143,000.

For both contract manufacturing and other sectors, revenue for the current quarter under review has increased as compared to previous year corresponding quarter. This is mainly due to the reclassification of rental income from other income to revenue as the principal activities of the companies involved have changed from manufacturing to investment holding.

The loss after taxation for contract manufacturing sector was RM0.9 million in the current quarter under review as compared to RM4.6 million in previous year corresponding quarter. The higher losses in previous year corresponding quarter is mainly due to the provision of impairment losses on property, plant and equipment of RM3.7 million and impairment loss on receivables of RM0.5 million in previous year corresponding quarter. The initial development expenses and overheads abovementioned also caused higher losses incurred in previous year corresponding quarter.

The loss after taxation for other sector was RM1.1 million in the current quarter under review as compared to RM5.1 million in previous year corresponding quarter. The higher losses in previous year corresponding quarter is mainly due to the provision of impairment losses on property, plant and equipment of RM1.6 million and impairment loss on receivables of RM0.3 million in previous year corresponding quarter.

16. Variation of results against preceding quarter

Revenue in current quarter under review was RM9.0 million as compared to RM14.2 million in preceding quarter. The loss after taxation in current quarter under review was RM2.0 million as compared to loss of RM1.2 million in preceding quarter.

For contract manufacturing sector, the revenue in current quarter under review was RM9.0 million as compared to RM13.9 million in preceding quarter. The loss after taxation in current quarter under review was RM1.0 million as compared to loss of RM0.9 million in preceding quarter. The higher loss after taxation in current quarter under review is mainly due to the decrease in revenue due to the cyclical orders.

For others sector, there were no significant variance for revenue and loss after taxation in both current quarter under review and preceding quarter.

17. Prospects

Notwithstanding the challenging global and domestic economic outlook over the past few years and the Company's position as a PN17 company, the Group has been able to maintain its existing customers, which comprise brand owners including multinational companies. 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. As both Luster Industries Bhd ("LIB") and the Acquiree Companies service the key sub-sectors and supporting industries to the E&E industry, the enlarged Group will be able to provide a broader range of products and value-added services to better service the Group's customers in the E&E industry. In addition, the enlarged Group will also be able to leverage on the shared technological expertise, network and customer base of the Acquiree Companies.

The Proposed Acquisitions are expected to strengthen the Group's financial position and contribute positively to the Group's future earnings. The aggregate guaranteed profit from the Proposed Winco Precision Engineering (Melaka) Sdn Bhd Acquisition and Proposed Winco Precision Technologies Sdn Bhd Acquisition is RM3.57 million for the two (2) FYE 31 December 2011 and 31 December 2012. The guaranteed profit from the Proposed Exzone Plastics Manufacturers Sdn Bhd Acquisition is RM4.80 million for the two (2) FYE 31 December 2011 and 31 December 2012, out of which RM2.84 million is attributable to the Group. Consequently, the collective profit guarantee from the Proposed Acquisitions will boost the Group's FYE 31 December 2012 consolidated earnings. The Acquiree Companies are expected to remain profitable and provide LIB with steady stream of future cash flows, given the positive outlook of the industry.

The proposed acquisition of the machinery and equipment and construction costs to expand the existing facilities of Luster Precision Engineering Sdn Bhd and Luster Plastic Industries Sdn Bhd as announced on 30 December 2011 are undertaken to enable the Group to move into higher value added manufacturing in the automotive market and high-end medical instruments, devices and parts, in line with the Group's future plans. By moving into the higher value added manufacturing, LIB will be able to generate better returns and differentiate itself from other plastic injection players. This would also strengthen customer loyalty, as it will be more difficult for customers to find other companies which are able to provide similar service as the Group. In addition, with the participation of Koike Precision Sdn Bhd ("KPSB") and LIMA Corporation Sdn Bhd ("LCSB"), the Group will be able to tap into the business networks of KPSB and LCSB that require the manufacturing services of LIB Group. KPSB will also be able to provide an in-road into the Japanese market and also to further strengthen LIB's relationship with its existing Japanese customers.

The Board expects that the Group will be able to deliver better results with the successful implementation of the Proposed Revised Regularisation Plan as the Group would be able to reduce its total borrowings and consequential interest expense burden.

18. Variance of profit forecast

Not applicable for this reporting.

19. Tax expense

	Current year quarter ended 31 Dec 2011 RM'000	Previous year quarter ended 31 Dec 2010 RM'000
Current taxation		
- Based on results for the period	5	3
- Prior years	38	765
Deferred taxation	(7)	513
	36	1,281

20. Status of corporate proposals

The board of directors had on 18 January 2012 announced that Bursa Malaysia Securities Berhad had via its letter dated 18 January 2012, resolved to approve the listing application in relation to the Proposed New Share Issuance and Proposed Employees' Share Option Scheme, subject to certain conditions. For further information, please refer to the announcement dated 18 January 2012.

On 22 February 2012, the board of directors had announced that the shareholders of the Company had approved all resolutions as prescribed in the Notice of Extraordinary General Meeting contained in the Company's Circular to Shareholders dated 31 January 2012.

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:

	31 Dec 2011 RM'000
Current	79,821
Non-current	191

The above borrowings are denominated in Ringgit Malaysia.

22. 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.

23. Proposed dividend

No dividend was proposed for the quarter ended 31 December 2011.

24. 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 RM2.0 million and net loss after taxation and after minority interest of RM9.7 million respectively.

Basic earnings per share

Weighted average number of ordinary shares

Description	Unaudited Current year quarter ended 31 Dec 11 '000	Unaudited Preceding year quarter ended 31 Dec 10 '000	Unaudited Current year cumulative quarter ended 31 Dec 11 '000	Unaudited Preceding year cumulative quarter ended 31 Dec 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

25. Profit before tax

	Quarter ended 31 Dec		Year ended 31 Dec	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax is arrived at after charging/(crediting)				
Depreciation of property, plant and equipment	475	1,119	2,091	4,907
Doubtful debts recovered	(24)	-	(24)	(47)
Impairment loss on property, plant and equipment	-	5,262	-	5,262
Impairment loss on Receivables	-	794	-	794
Impairment on inventory no longer required	-	(1,623)	-	(1,623)
Interest expense	1,406	1,450	5,675	5,558
Interest income	(7)	(10)	(22)	(27)
Loss/(gain) on disposal of investment in a subsidiary	(85)	-	(85)	701
Loss/(gain) on disposal of property, plant and equipment	(9)	(5)	(79)	569
Property, plant and equipment written off	-	-	-	3
Realised loss/(gain) on foreign exchange	(111)	93	(15)	584
Rental income	-	(10)	-	(145)

Unrealised loss/(gain) on foreign exchange	531	(229)	11	248
Waiver of debt	(3)	-	(3)	-
Waiver of interest	-	(170)	-	(170)

Other than the above items, there were no gain or loss on derivatives and exceptional items for the current quarter and financial year ended 31 December 2011.

26. 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 31 Dec 2011 RM'000	Audited 31 Dec 2010 RM'000
Accumulated losses of the Group		
- Realised	(90,161)	(83,436)
- Unrealised	494	264
Accumulated losses	(89,667)	(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.

BY ORDER OF THE BOARD

Liang Wooi Gee
Executive Director
Dated this 29th day of February 2012