



# **LUSTER INDUSTRIES BHD**

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED  
30 JUNE 2017**



**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Unaudited as at 30-Jun-17 RM'000	Audited as at 31-Dec-16 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	59,829	60,609
Goodwill on consolidation	8,592	8,592
	<u>68,421</u>	<u>69,201</u>
<b>Current assets</b>		
Property Development Costs	12,796	9,895
Inventories	17,916	12,550
Trade receivables	32,111	25,042
Other receivables, deposits and prepayments	22,249	12,634
Tax refundable	1,537	1,257
Fixed deposits with a licensed bank	1,414	4,281
Cash and bank balances	21,006	16,769
	<u>109,029</u>	<u>82,428</u>
Assets as held for sale	-	1,810
	<u>177,450</u>	<u>153,439</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	201,530	173,191
Share premium	-	951
Discount on shares	(22,618)	(22,618)
Warrant reserve	22,618	22,618
Other reserves	9,190	10,872
ICULS	-	473
Accumulated losses	(57,098)	(60,660)
	<u>153,622</u>	<u>124,827</u>
Non-controlling interests	956	869
<b>Total equity</b>	<u>154,578</u>	<u>125,696</u>
<b>Non-current liabilities</b>		
Borrowings	1,760	1,672
Deferred tax liabilities	1,367	1,367
	<u>3,127</u>	<u>3,039</u>
<b>Current liabilities</b>		
Trade payables	15,128	13,642
Other payables and accruals	3,210	7,759
Borrowings	847	2,946
Provision for taxation	560	357
	<u>19,745</u>	<u>24,704</u>
<b>Total liabilities</b>	<u>22,872</u>	<u>27,743</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>177,450</u>	<u>153,439</u>
<b>Net assets per share (RM)</b>	<b>0.08</b>	<b>0.07</b>

The notes set out on page 5 to 16 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)  
**UNAUDITED CONDENSED CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	30-Jun-17 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000	30-Jun-16 RM'000
Revenue	34,505	31,557	64,118	56,714
Cost of sales	<u>(28,833)</u>	<u>(26,503)</u>	<u>(52,885)</u>	<u>(48,619)</u>
<b>Gross profit</b>	<b>5,672</b>	5,054	<b>11,233</b>	8,095
Other income	228	760	296	1,146
Administration expenses	<u>(3,245)</u>	<u>(3,557)</u>	<u>(6,658)</u>	<u>(7,534)</u>
Distribution expenses	<u>(201)</u>	<u>(278)</u>	<u>(481)</u>	<u>(469)</u>
<b>Results from operating activities</b>	<b>2,454</b>	1,979	<b>4,390</b>	1,238
Finance costs	<u>(46)</u>	<u>(41)</u>	<u>(110)</u>	<u>(93)</u>
<b>Profit before taxation</b>	<b>2,408</b>	1,938	<b>4,280</b>	1,145
Taxation	<u>(400)</u>	<u>(470)</u>	<u>(695)</u>	<u>(685)</u>
<b>Profit for the period</b>	<b>2,008</b>	1,468	<b>3,585</b>	460
<b>Other comprehensive income:</b>				
Exchange translation reserve	<u>(64)</u>	76	<u>(92)</u>	<u>(259)</u>
<b>Total comprehensive income for the period</b>	<b>1,944</b>	1,544	<b>3,493</b>	201
<b>Income/(loss) for the year attributable to:</b>				
Owners of the parent	1,979	1,520	3,498	671
Non-controlling interests	<u>29</u>	<u>(52)</u>	<u>87</u>	<u>(211)</u>
	<b>2,008</b>	1,468	<b>3,585</b>	460
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	1,941	1,596	3,443	412
Non-controlling interests	<u>3</u>	<u>(52)</u>	<u>50</u>	<u>(211)</u>
	<b>1,944</b>	1,544	<b>3,493</b>	201
Basic earning per ordinary share (sen)	<u>0.11</u>	0.09	<u>0.19</u>	0.04
Diluted earnings per ordinary share (sen)	<u>0.08</u>	N/A	<u>0.14</u>	N/A

The notes set out on page 5 to 16 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)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017**

|----- Attributable to owners of the parent -----|  
|----- Non-distributable -----|

	Share capital RM'000	ICULS RM'000	Share premium RM'000	Warrant reserve RM'000	Discount on shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
As at 1 January 2017	173,191	473	951	22,618	(22,618)	10,872	(60,660)	124,827	869	125,696
Total comprehensive income for the period	-	-	-	-	-	(92)	3,498	3,406	87	3,493
<i>Transactions with owners :</i>										
Issuance of shares pursuant to ICULS conversion	473	(473)						-		-
Issuance of shares pursuant to placement	18,852							18,852		18,852
Issuance of shares pursuant to ESOS	6,537							6,537		6,537
Transfer upon exercise of ESOS	1,526					(1,526)		-		-
Transfer upon expiry of ESOS						(64)	64	-		-
Total transactions with owners	27,388	(473)	-	-	-	(1,590)	64	25,389	-	25,389
Transfer in accordance with S618(2) of CA 2016*	951	-	(951)	-	-	-	-	-	-	-
As at 30 June 2017	<b>201,530</b>	<b>-</b>	<b>-</b>	<b>22,618</b>	<b>(22,618)</b>	<b>9,190</b>	<b>(57,098)</b>	<b>153,622</b>	<b>956</b>	<b>154,578</b>
As at 1 January 2016	173,191	473	951	22,618	(22,618)	11,033	(36,121)	149,527	1,646	151,173
Total comprehensive income for the period	-	-	-	-	-	(259)	671	412	(211)	201
As at 30 June 2016	173,191	473	951	22,618	(22,618)	10,774	(35,450)	149,939	1,435	151,374

\* Pursuant to Section 618(2) of the Companies Act 2016 (CA 2016), any outstanding share premium shall become part of share capital. Included in share capital is share premium amounting to RM951,186 is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

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**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017**

	30-Jun-17 RM'000	30-Jun-16 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,280	1,145
Adjustments for:		
Depreciation	2,479	2,620
Gain on disposal of property, plant and equipment	(511)	(691)
Interest expense	110	93
Interest income	(226)	(141)
Unrealised loss on foreign exchange	514	575
Operating profit before working capital changes	6,646	3,601
Increase in property development costs	(2,901)	-
(Increase)/decrease in inventories	(5,366)	846
Increase in receivables	(16,967)	(11,247)
(Decrease)/increase in payables	(3,044)	519
Cash used in operations	(21,632)	(6,281)
Income tax paid	(773)	(528)
Interest paid	(110)	(93)
Net cash used in operating activities	(22,515)	(6,902)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	226	141
Proceeds from disposal of property, plant and equipment	2,321	2,124
Purchase of property, plant and equipment	(877)	(429)
Net cash generated from investing activities	1,670	1,836
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of finance lease	(842)	(769)
Repayment of bankers' acceptance	(2,000)	-
Repayment of term loan	-	(16)
Proceeds from issuance of shares pursuant to placement	18,852	-
Proceeds from issuance of shares pursuant to ESOS	6,537	-
Withdrawal of fixed deposits	2,868	-
Net cash generated from/(used in) financing activities	25,415	(785)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,570	(5,851)
Effects of foreign exchange rates changes	(332)	(610)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	16,921	21,862
<b>CASH AND CASH EQUIVALENTS AT END</b>	21,159	15,401
<b>Represented by:</b>		
Fixed deposits with licensed banks	153	3,387
Cash and bank balances	21,006	12,014
	21,159	15,401

The notes set out on page 5 to 16 form an integral part of and should be read in conjunction with this interim financial report.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### Part A - Explanatory Notes Pursuant To MFRS 134

#### 1. Basis of preparation

The condensed consolidated interim financial statements (“Report”) are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the financial year ended 31 December 2016.

#### 2. Significant accounting policies

##### Application of MFRS 1

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 2016, except for the adoption of the following Financial Reporting Standards (“FRS”), amendments to FRSs and Issues Committee Interpretations (“IC Interpretations”).

##### **Effective for annual periods beginning on or after 1 January 2018**

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 140 Investment Property: Transfer of Investment Property  
Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

##### **Effective for annual periods beginning on or after 1 January 2019**

MFRS 16 Leases

##### **Effective date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption except MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers and MFRS 16 Leases of which the Group is currently assessing the financial impact.

**3. Auditors' qualification of preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

**4. Seasonality or cyclicity factors**

The operations of the Group are subjected to seasonal orders throughout the financial year.

**5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**6. Changes in accounting estimates**

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial period to date results.

**7. Changes in debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review and financial year to date other than the followings:-

- a. the issuance of 4,639,600 and 4,734,600 new ordinary shares pursuant to the conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") during the current quarter under review and financial year to date respectively;
- b. the issuance of 58,237,000 and 65,006,000 new ordinary shares pursuant to the Employees Shares Option Scheme ("ESOS") during the current quarter under review and financial year to date respectively; and
- c. the issuance of 174,385,500 new ordinary shares pursuant to the private placement during the current quarter under review and financial year to date.

**8. Dividend paid**

No dividend was paid during the current quarter under review.



## 9. Segmental information

Segmental information is presented in respect of the Group's business segments.

	<b>6 months ended 30.06.17 (RM'000)</b>	<b>6 months ended 30.06.16 (RM'000)</b>
<b>Segment Revenue</b>		
Manufacturing	56,898	56,163
Gaming & leisure	1,937	551
Property development & construction	5,283	-
Others	438	4,518
Total revenue including inter-segment sales	<u>64,556</u>	<u>61,232</u>
Elimination of inter-segment sales	(438)	(4,518)
Total revenue to external customers	<u><u>64,118</u></u>	<u><u>56,714</u></u>
	<b>6 months ended 30.06.17 (RM'000)</b>	<b>6 months ended 30.06.16 (RM'000)</b>
<b>Segment Results</b>		
Manufacturing	3,913	2,046
Gaming & leisure	217	(528)
Property development & construction	74	-
Others	76	2,627
Total results	<u>4,280</u>	<u>4,145</u>
Elimination	-	(3,000)
Profit before taxation	<u>4,280</u>	<u>1,145</u>
Taxation	(695)	(685)
Profit for the year	<u><u>3,585</u></u>	<u><u>460</u></u>
	<b>As at 30.06.17 (RM'000)</b>	<b>As at 30.06.16 (RM'000)</b>
<b>Segment Assets</b>		
Manufacturing	145,183	125,759
Gaming & leisure	3,032	4,218
Property development & construction	31,674	7,794
Others	163,904	159,714
Total assets including inter-segment assets	<u>343,793</u>	<u>297,485</u>
Elimination of inter-segment assets	(166,343)	(121,169)
Total assets	<u><u>177,450</u></u>	<u><u>176,316</u></u>

	<b>As at 30.06.17 (RM'000)</b>	<b>As at 30.06.16 (RM'000)</b>
<b>Segment Liabilities</b>		
Manufacturing	42,873	24,587
Gaming & leisure	730	887
Property development & construction	30,990	7,067
Others	11,767	10,270
Total assets including inter-segment liabilities	<u>86,360</u>	<u>42,811</u>
Elimination of inter-segment liabilities	<u>(63,488)</u>	<u>(17,868)</u>
Total liabilities	<u><u>22,872</u></u>	<u><u>24,943</u></u>

Information about the Group's assets and liabilities by locations are detailed below:

	<b>As at 30.06.17 (RM'000)</b>	<b>As at 30.06.16 (RM'000)</b>
<b>Segment Assets</b>		
Malaysia	174,419	172,098
Cambodia	3,031	4,218
Total assets	<u><u>177,450</u></u>	<u><u>176,316</u></u>
<b>Segment Liabilities</b>		
Malaysia	22,443	24,337
Cambodia	429	606
Total liabilities	<u><u>22,872</u></u>	<u><u>24,943</u></u>

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

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 December 2016.

#### 11. Material subsequent events

There were no material events subsequent to the quarter under review.

#### 12. Changes in Group's composition

There were no changes in the composition of the Group for the current quarter under review except the following:

The Company had on 23 May 2017 and 1 June 2017 incorporated two wholly owned subsidiary companies named Luster Venture Sdn Bhd and Luster Construction Sdn Bhd respectively.

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

There were no material contingent liabilities and assets as at the date of this Report.

14. **Commitments**

There were no material commitments as at the end of the current quarter except the following:

	<b>RM'000</b>
The balance commitments payable pursuant to:	
- Joint Venture Agreement	1,500
- Tripartite Agreement	3,710
	<u>5,210</u>

**Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad**

**1. Review of performance**

	<b>Individual Quarter 3 Months Ended</b>		
	<b>(Unaudited) 30.06.17 RM'000</b>	<b>(Unaudited) 30.06.16 RM'000</b>	<b>Changes %</b>
	Revenue	34,505	31,557
Results from operating activities	2,454	1,979	24.0
Profit before taxation	2,408	1,938	24.3
Profit after taxation	2,008	1,468	36.8
Profit attributable to owners of the parent	1,944	1,544	25.9

**Comparison with Corresponding Quarter in Previous Year**

The Group recorded a revenue and profit before taxation (PBT) of RM34.5 million and RM2.4 million respectively in current quarter under review. The revenue and PBT recorded in previous year corresponding quarter were RM31.6 million and RM1.9 million respectively.

The increase was mainly due to the followings:

- a. The customer in manufacturing segment has successfully launched the Electric Flies Killer (EFK) and orders has been placed for the deliveries of the products in current quarter under review. Manufacturing segment has recorded a PBT of RM1.9 million in current quarter under review;
- b. The Group managed to improve the revenue of gaming & leisure segment with a bigger network of agents and also expanding to other provinces in Cambodia. Gaming & leisure segment has recorded a revenue of RM0.8 million and a PBT of RM0.1 million in current quarter under review; and
- c. The Group has recorded a revenue of RM5.3 million in property development & construction segment. The revenue is mainly generated from the construction project in Kota Baru awarded on 10 March 2017. Property development & construction segment has recorded a PBT of RM0.1 million in current quarter under review.

**Cumulative Quarter  
6 Months Ended**

	(Unaudited) <b>30.06.17</b> RM'000	(Unaudited) <b>30.06.16</b> RM'000	Changes %
Revenue	64,118	56,714	13.1
Results from operating activities	4,390	1,238	254.6
Profit before taxation	4,280	1,145	273.8
Profit after taxation	3,585	460	679.3
Profit attributable to owners of the parent	3,493	201	1,637.8

**Comparison with Corresponding Financial Period To Date in Previous Year**

The Group has recorded a revenue and PBT of RM64.1 million and RM4.3 million respectively in current reporting period. The revenue and PBT was RM56.7 million and RM1.1 million respectively in previous year corresponding period. This was mainly due to the increase in sales in property development & construction segment and higher margin Original Equipment Manufacturer (OEM) product in manufacturing segment abovementioned.

**2. Variation of results against preceding quarter**

**Individual Quarter  
3 Months Ended**

	(Unaudited) <b>30.06.17</b> RM'000	(Unaudited) <b>31.03.17</b> RM'000	Changes %
Revenue	34,505	29,613	16.5
Results from operating activities	2,454	1,936	26.8
Profit before taxation	2,408	1,872	28.6
Profit after taxation	2,008	1,577	27.3
Profit attributable to owners of the parent	1,944	1,549	25.5

The Group has recorded a revenue and PBT of RM34.5 million and RM2.4 million respectively in current quarter under review as compared to revenue and PBT of RM29.6 million and RM1.9 million respectively in previous quarter. This was mainly due to the increase in sales in property development & construction segment and higher margin OEM product in manufacturing segment abovementioned.

### 3. **Prospects**

With the successful rationalization of the manufacturing business and successfully position itself to be an Original Equipment Manufacturer (OEM), manufacturing segment has shown positive growth in profitability. The Group will continue to explore further business opportunity with existing customers and continue to further enhance the design and Research & Development capabilities

In property development & construction segment, Pengkalan Hulu and Kota Baru projects are expected to be completed in early 2018. On 26 May 2017, the Group had been appointed as PFMCC (Project Financing, Management and Construction Company), for the development of a portion of the land in Seberang Perai Utara, Negeri Pulau Pinang. The Board believes that the property development & construction segment has a great potential to grow especially with the current demand for affordable housing. The Board believes that this segment will enhance the revenue and profitability of the Group.

Pan Cambodian Lottery Corporation Limited (PCL), a 60% owned subsidiary of LIB has successfully grow the business in gaming & leisure segment by increasing the network of agents. The Group is also looking at strategy to increase the number of the digit game products. As for the plan to establish a gaming entertainment center, PCL is looking at the option of leasing the land and building and is currently in the process of discussion with several gaming operators.

In light of the above and barring any unforeseen circumstances, the Board is cautiously optimistic in delivering a better result in the financial year 2017.

### 4. **Variance of profit forecast**

No profit forecast was published for the current quarter and financial period to date.

### 5. **Taxation**

<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
<b>3 Months Ended</b>		<b>6 Months Ended</b>	
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>30.06.17</b>	<b>30.06.16</b>	<b>30.06.17</b>	<b>30.06.16</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

Malaysian income tax:  
Based on results for the  
period:  
- Current tax

(400)	(470)	(695)	(685)
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The Group's effective tax rates differ from statutory tax rate mainly because:

- Certain income and expenses which are not taxable and allowable; and
- Utilization of unabsorbed capital allowances by certain subsidiaries.

6. **Profit/(Loss) before taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>30.06.17</b>	<b>30.06.16</b>	<b>30.06.17</b>	<b>30.06.16</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is arrived at after charging/ (crediting):				
Depreciation	1,247	1,298	2,479	2,620
Gain on disposal of property, plant and equipment	(511)	(702)	(511)	(691)
Interest expense	46	41	110	93
Interest income	(185)	(75)	(226)	(141)
Realised loss/(gain) on foreign exchange	301	100	295	(5)
Rental income	(5)	(3)	(8)	(8)
Unrealised loss on foreign exchange	266	69	514	575

Other than the above items, there are no impairment of receivables, impairment of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives as well as other exceptional items incurred for the current quarter under review.

7. **Status of corporate proposals**

The Company had on 18 April 2017 and 9 May 2017 issued 76,000,000 and 98,385,500 new ordinary shares respectively to fund the working capital of the Group and the defray corporate exercise related expenses. The status of the utilization of the total proceeds of RM7,980,000.00 and RM10,871,597.75 respectively from private placement exercise are as follows:

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Intended Timeframe for Utilisation</b>	<b>Deviation Amount</b>	<b>Explanations (if the deviation is 5% or more)</b>
	<b>RM'000</b>	<b>RM'000</b>			
Property development expenditure	10,000	5,757	Within 12 months	-	-
Working Capital	8,728	3,179	Within 12 months	-	-
Expenses for the Corporate Exercise	124	124	Within 2 weeks	-	-
	18,852	9,060			

Note:

Surplus from the expenses for the corporate exercise is adjusted accordingly to working capital.

## 8. Borrowings and debts securities

The Group's borrowings as at end of the current period are as follows:

### As at quarter ended 30.06.17

	Non-Current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Bankers acceptance	-	-	-
Finance lease liabilities	1,760	847	2,607
Term loans	-	-	-
Total	<u>1,760</u>	<u>847</u>	<u>2,607</u>

### As at quarter ended 30.06.16

	Non-Current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Bankers acceptance	-	2,000	2,000
Finance lease liabilities	689	763	1,452
Term loans	-	23	23
Total	<u>689</u>	<u>2,786</u>	<u>3,475</u>

The above borrowings are secured and denominated in Ringgit Malaysia.

## 9. Material litigation

There were no pending or threatened litigations or any facts likely to give rise to the proceedings which might materially and adversely affect the business except the followings:

### **Luster Industries Bhd Vs Citi-Champ International Limited & 4 Others**

The Company had on 13 June 2017, filed a Statement of Claim at the High Court of Malaya at Shah Alam, through the Company's solicitors, Messrs YC Wong to pursue legal actions against:-

Citi-Champ International Limited (as 1st Defendant);

How Soong Khong (as 2nd Defendant);

Yap Yoke Chuan (as 3rd Defendant);

Yap Kean Kok (as 4th Defendant)



Yew Ding Wei (Practising as Ding Partnership)(as 5th Defendant)  
[collectively the “Defendants”]

The Company’s application for mareva injunction against the 2nd to 5th Defendants is fixed for inter partes hearing on 19 September 2017 and there is a varied ad interim order dated 03 August 2017 pending hearing of the same.

#### 10. Proposed dividend

No dividend was proposed for the current quarter under review.

#### 11. Earnings per share

The basic earnings per share for the current quarter and cumulative period to date are computed as below:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.06.17</b>	<b>30.06.16</b>	<b>30.06.17</b>	<b>30.06.16</b>
Income/(loss) attributable to owners of the parent (RM'000)	1,979	1,520	3,498	671
Adjusted number of issued ordinary shares ('000)	1,731,909	1,731,909	1,731,909	1,731,909
Effect of shares issued pursuant to ICULS conversion ('000)	690	-	690	-
Effect of shares issued pursuant to ESOS ('000)	18,272	-	18,272	-
Effect of shares issued pursuant to private placement ('000)	62,771	-	62,771	-
Weighted average number of issued ordinary shares ('000)	1,813,642	1,731,909	1,813,642	1,731,909
Basic earnings/(loss) per share (sen)	0.11	0.09	0.19	0.04

The diluted earnings per share for the current quarter and cumulative period to date are computed as below:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.06.17</b>	<b>30.06.16</b>	<b>30.06.17</b>	<b>30.06.16</b>
Profit attributable to owners of the parent (RM'000)	1,979	^	3,498	^

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.06.17</b>	<b>30.06.16</b>	<b>30.06.17</b>	<b>30.06.16</b>
Weighted average number of issued ordinary shares each ('000)	1,813,642	^	1,813,642	^
Adjustments for dilutive effect on exercise of:				
- Warrants A ('000)	441,595	^	441,595	^
- Warrants B ('000)	216,000	^	216,000	^
Adjusted weighted average number of issued ordinary shares of ('000)	<u>2,471,237</u>	^	<u>2,471,237</u>	^
Diluted earnings per share (sen)	<u>0.08</u>	^	<u>0.14</u>	^

^ Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 30 June 2016, the Irredeemable Convertible Unsecured Loan Stocks (“ICULS”), ESOS options granted to employees and warrants issued are anti-dilutive. Therefore, there is no calculation of diluted earnings per share for the current period based on the assumption of non-exercise of the above securities.

## 12. Realised and unrealised accumulated losses

	<b>30.06.17</b>	<b>31.12.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(59,302)	(62,640)
- Unrealised	<u>(1,881)</u>	<u>(1,120)</u>
	(61,183)	(63,760)
Less: Consolidation adjustments	<u>4,085</u>	<u>3,099</u>
Total accumulated losses of the Group	<u>(57,098)</u>	<u>(60,661)</u>

### **BY ORDER OF THE BOARD**

**Liang Wooi Gee**

Deputy Managing Director

**Dated this 25th day of August 2017**