



LUSTER INDUSTRIES BHD

(156148-P)

(Incorporated in Malaysia)

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

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

	Unaudited as at 30-Sep-17 RM'000	Audited as at 31-Dec-16 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	58,871	60,609
Goodwill on consolidation	8,592	8,592
	<u>67,463</u>	<u>69,201</u>
Current assets		
Property Development Costs	18,164	9,895
Inventories	14,687	12,550
Trade receivables	34,463	25,042
Other receivables, deposits and prepayments	20,659	12,634
Tax refundable	1,635	1,257
Fixed deposits with a licensed bank	1,388	4,281
Cash and bank balances	22,483	16,769
	<u>113,479</u>	<u>82,428</u>
Assets as held for sale	-	1,810
	<u>180,942</u>	<u>153,439</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	201,530	173,191
Share premium	-	951
Discount on shares	(22,618)	(22,618)
Warrant reserve	22,618	22,618
Other reserves	9,152	10,872
ICULS	-	473
Accumulated losses	(56,988)	(60,660)
	<u>153,694</u>	<u>124,827</u>
Non-controlling interests	1,018	869
Total equity	<u>154,712</u>	<u>125,696</u>
Non-current liabilities		
Borrowings	1,587	1,672
Deferred tax liabilities	1,367	1,367
	<u>2,954</u>	<u>3,039</u>
Current liabilities		
Trade payables	17,178	13,642
Other payables and accruals	4,976	7,759
Borrowings	808	2,946
Provision for taxation	314	357
	<u>23,276</u>	<u>24,704</u>
Total liabilities	<u>26,230</u>	<u>27,743</u>
TOTAL EQUITY AND LIABILITIES	<u>180,942</u>	<u>153,439</u>
Net assets per share (RM)	0.08	0.07

The notes set out on page 5 to 17 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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Revenue	40,087	29,073	104,205	85,787
Cost of sales	<u>(35,656)</u>	<u>(25,327)</u>	<u>(88,541)</u>	<u>(73,946)</u>
Gross profit	4,431	3,746	15,664	11,841
Other income	12	91	308	1,237
Administration expenses	(3,516)	(3,837)	(10,174)	(11,371)
Distribution expenses	<u>(231)</u>	<u>(422)</u>	<u>(712)</u>	<u>(891)</u>
Results from operating activities	696	(422)	5,086	816
Finance costs	<u>(48)</u>	<u>(41)</u>	<u>(158)</u>	<u>(134)</u>
Profit before taxation	648	(463)	4,928	682
Taxation	<u>(476)</u>	<u>(121)</u>	<u>(1,171)</u>	<u>(806)</u>
Profit for the period	172	(584)	3,757	(124)
Other comprehensive income:				
Exchange translation reserve	<u>(38)</u>	87	<u>(130)</u>	<u>(172)</u>
Total comprehensive income for the period	134	(497)	3,627	(296)
Income/(loss) for the year attributable to:				
Owners of the parent	110	(624)	3,608	47
Non-controlling interests	<u>62</u>	<u>40</u>	<u>149</u>	<u>(171)</u>
	172	(584)	3,757	(124)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	87	(572)	3,530	(56)
Non-controlling interests	<u>47</u>	<u>75</u>	<u>97</u>	<u>(240)</u>
	134	(497)	3,627	(296)
Basic earning per ordinary share (sen)	<u>0.01</u>	<u>(0.04)</u>	<u>0.19</u>	<u>0.00</u>
Diluted earnings per ordinary share (sen)	<u>0.00</u>	N/A	<u>0.14</u>	N/A

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LUSTER INDUSTRIES BHD.
Company No. 156148-P
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	(130)	3,608	3,478	149	3,627
<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 September 2017	201,530	-	-	22,618	(22,618)	9,152	(56,988)	153,694	1,018	154,712
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	-	-	-	-	-	(172)	47	(125)	(171)	(296)
As at 30 September 2016	173,191	473	951	22,618	(22,618)	10,861	(36,074)	149,402	1,475	150,877

* 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).

The notes set out on page 5 to 17 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 CASH FLOWS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	30-Sep-17	30-Sep-16
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,928	682
Adjustments for:		
Depreciation	3,726	3,837
Gain on disposal of property, plant and equipment	(519)	(722)
Interest expense	158	134
Interest income	(301)	(187)
Unrealised loss on foreign exchange	677	819
Operating profit before working capital changes	<u>8,669</u>	4,563
Increase in property development costs	(8,269)	(9,125)
(Increase)/decrease in inventories	(2,138)	250
Increase in receivables	(17,765)	(1,401)
(Decrease)/increase in payables	<u>796</u>	1,137
Cash used in operations	(18,707)	(4,576)
Income tax paid	(1,592)	(1,243)
Interest paid	<u>(158)</u>	(134)
Net cash used in operating activities	<u>(20,457)</u>	(5,953)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	294	187
Proceeds from disposal of property, plant and equipment	2,329	2,185
Purchase of property, plant and equipment	(1,168)	(1,120)
Net cash generated from investing activities	<u>1,455</u>	1,252
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(1,052)	(994)
Repayment of bankers' acceptance	(2,000)	-
Repayment of term loan	-	(24)
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	<u>25,205</u>	<u>(1,018)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,203	(5,719)
Effects of foreign exchange rates changes	(521)	(796)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>16,921</u>	21,862
CASH AND CASH EQUIVALENTS AT END	<u>22,603</u>	<u>15,347</u>
Represented by:		
Fixed deposits with licensed banks	120	158
Cash and bank balances	<u>22,483</u>	15,189
	<u>22,603</u>	<u>15,347</u>

The notes set out on page 5 to 17 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 4,734,600 new ordinary shares pursuant to the conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") during the financial year to date;
- b. the issuance of 65,006,000 new ordinary shares pursuant to the Employees Shares Option Scheme ("ESOS") during the financial year to date; and
- c. the issuance of 174,385,500 new ordinary shares pursuant to the private placement during the 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.

	9 months ended 30.09.17 (RM'000)	9 months ended 30.09.16 (RM'000)
Segment Revenue		
Manufacturing	86,730	84,547
Gaming & leisure	3,020	1,240
Property development & construction	14,455	-
Others	657	5,277
Total revenue including inter-segment sales	<u>104,862</u>	<u>91,064</u>
Elimination of inter-segment sales	<u>(657)</u>	<u>(5,277)</u>
Total revenue to external customers	<u>104,205</u>	<u>85,787</u>
	9 months ended 30.09.17 (RM'000)	9 months ended 30.09.16 (RM'000)
Segment Results		
Manufacturing	4,027	1,767
Gaming & leisure	368	(428)
Property development & construction	540	-
Others	(7)	2,343
Total results	<u>4,928</u>	<u>3,682</u>
Elimination	<u>-</u>	<u>(3,000)</u>
Profit before taxation	4,928	682
Taxation	<u>(1,171)</u>	<u>(806)</u>
Profit for the year	<u>3,757</u>	<u>(124)</u>
	As at 30.09.17 (RM'000)	As at 30.09.16 (RM'000)
Segment Assets		
Manufacturing	130,419	126,312
Gaming & leisure	3,423	4,196
Property development & construction	41,550	9,232
Others	163,648	160,256
Total assets including inter-segment assets	<u>339,040</u>	<u>299,996</u>
Elimination of inter-segment assets	<u>(158,098)</u>	<u>(123,170)</u>
Total assets	<u>180,942</u>	<u>176,826</u>

	As at 30.09.17 (RM'000)	As at 30.09.16 (RM'000)
Segment Liabilities		
Manufacturing	28,294	25,540
Gaming & leisure	1,009	685
Property development & construction	39,816	8,838
Others	11,604	10,763
Total liabilities including inter-segment liabilities	<u>80,723</u>	<u>45,826</u>
Elimination of inter-segment liabilities	<u>(54,493)</u>	<u>(19,877)</u>
Total liabilities	<u><u>26,230</u></u>	<u><u>25,949</u></u>

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

	As at 30.09.17 (RM'000)	As at 30.09.16 (RM'000)
Segment Assets		
Malaysia	177,519	172,630
Cambodia	3,423	4,196
Total assets	<u>180,942</u>	<u>176,826</u>
Segment Liabilities		
Malaysia	25,517	25,552
Cambodia	713	397
Total liabilities	<u>26,230</u>	<u>25,949</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 29 August 2017 incorporated a wholly owned subsidiary company named Luster Hijauan Home Sdn Bhd.

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:

	RM'000
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

	Individual Quarter 3 Months Ended		
	(Unaudited) 30.09.17 RM'000	(Unaudited) 30.09.16 RM'000	Changes %
Revenue	40,087	29,073	37.9
Results from operating activities	696	(422)	264.9
Profit/(loss) before taxation	648	(463)	240.0
Profit/(loss) after taxation	172	(584)	129.5
Profit/(loss) attributable to owners of the parent	110	(624)	117.6

Comparison with Corresponding Quarter in Previous Year

The Group recorded a revenue and profit before taxation (PBT) of RM40.1 million and RM0.6 million respectively in current quarter under review. The revenue and loss before taxation (LBT) recorded in previous year corresponding quarter were RM29.1 million and RM0.5 million respectively.

The increase was mainly due to the followings:

- a. The increase of revenue in manufacturing segment is mainly due to the increase in sales to a customer in electrical & electronic industry. Manufacturing segment has recorded a revenue and PBT of RM29.8 million and RM0.1 million respectively in current quarter under review;
- b. The gaming & leisure segment recorded a higher revenue in current quarter under review mainly due to the expansion into more provinces in Cambodia. Gaming & leisure segment has recorded a revenue of RM1.1 million and a PBT of RM0.2 million in current quarter under review; and
- c. The Group has recorded a revenue of RM9.2 million in property development & construction segment in current quarter under review. 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 RM0.6 million in current quarter under review.

**Cumulative Quarter
9 Months Ended**

	(Unaudited) 30.09.17 RM'000	(Unaudited) 30.09.16 RM'000	Changes %
Revenue	104,205	85,787	21.5
Results from operating activities	5,086	816	523.3
Profit before taxation	4,928	682	622.6
Profit/(loss) after taxation	3,757	(124)	3,129.8
Profit/(loss) attributable to owners of the parent	3,608	47	7,576.6

Comparison with Corresponding Financial Period To Date in Previous Year

The Group has recorded a revenue and PBT of RM104.2 million and RM4.9 million respectively in current reporting period. The revenue and PBT was RM85.8 million and RM0.7 million respectively in previous year corresponding period. This was mainly due to the sales recorded in property development & construction segment and the delivery of a higher margin Original Equipment Manufacturer (OEM) product in manufacturing segment.

2. Variation of results against preceding quarter

**Individual Quarter
3 Months Ended**

	(Unaudited) 30.09.17 RM'000	(Unaudited) 31.06.17 RM'000	Changes %
Revenue	40,087	34,505	16.2
Results from operating activities	696	2,454	71.6
Profit before taxation	648	2,408	73.1
Profit after taxation	172	2,008	91.4
Profit attributable to owners of the parent	110	1,979	94.4

The Group has recorded a revenue of RM40.1 million in current quarter under review as compared to a revenue of RM34.5 million in previous quarter. This was mainly due to the sales recorded in property development & construction segment generated from the Kota Baru project abovementioned.

PBT had reduced from RM2.4 million in previous quarter to RM0.6 million in current quarter under review mainly due to the rework incurred and the high production reject in current quarter under review.

The rework incurred mainly on the newly launched products delivered in previous quarters. The Company has not able to anticipate the problems and issues related to long journey delivery. These problems have been overcome with improved packaging.

The high production reject is on the copier equipment and high-fidelity sounds product under the electrical & electronic industry which resulted high material consumed. This was mainly due to the additional processes needed to overcome the faults created by the tools and moulds. The Company has taken steps to rectify the tools and moulds.

The higher PBT in previous quarter also due to the gain on disposal of property, plant & equipment of RM0.5 million.

3. Prospects

The Company will continue to rationalise the manufacturing business and will further focus on developing the medical sector as well as 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 project is at the finalization of the infrastructure contract before awarding to the respective contractor. As for Kota Baru project, the project is expected to be completed in early 2018. The pre-launch of the marketing activities for Seberang Perai Utara project has started. Besides the three projects abovementioned, the Group had on 2 November 2017 entered into a joint venture agreement to develop a land in Hulu Langat, Negeri Selangor into commercial or residential or mixed commercial and residential estate. 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 expanding into other provinces in Cambodia to further enlarge their sales network. 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**

Individual Quarter		Cumulative Quarter	
3 Months Ended		9 Months Ended	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
30.09.17	30.09.16	30.09.17	30.09.16
RM'000	RM'000	RM'000	RM'000

Malaysian income tax:

Based on results for the
period:

- Current tax	(476)	(121)	(1,171)	(806)
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The Group's effective tax rates differ from statutory tax rate mainly because:

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

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

Individual Quarter		Cumulative Quarter	
3 Months Ended		9 Months Ended	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
30.09.17	30.09.16	30.09.17	30.09.16
RM'000	RM'000	RM'000	RM'000

Profit before taxation is arrived at
after charging/ (crediting):

Depreciation	1,247	1,217	3,726	2,837
Gain on disposal of property, plant and equipment	(8)	(31)	(519)	(722)
Interest expense	48	41	158	134
Interest income	(75)	(46)	(301)	(187)
Realised loss/(gain) on foreign exchange	78	(97)	373	(102)
Rental income	(2)	(2)	(10)	(10)
Unrealised loss on foreign exchange	163	243	677	819

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:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation Amount	Explanations (if the deviation is 5% or more)
Property development expenditure	10,000	5,996	Within 12 months	-	-
Working Capital	8,728	7,903	Within 12 months	-	-
Expenses for the Corporate Exercise	124	124	Within 2 weeks	-	-
	18,852	14,023			

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 30.09.17

	Non-Current RM'000	Current RM'000	Total RM'000
Secured			
Bankers acceptance	-	-	-
Finance lease liabilities	1,587	808	2,395
Term loans	-	-	-
Total	<u>1,587</u>	<u>808</u>	<u>2,395</u>

As at quarter ended 30.09.16

	Non-Current RM'000	Current RM'000	Total RM'000
Secured			
Bankers acceptance	-	2,000	2,000
Finance lease liabilities	1,186	763	1,949
Term loans	-	15	15
Total	<u>1,186</u>	<u>2,858</u>	<u>4,044</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"]

On 31 October 2017, the Company's application for mareva injunction against the 2nd to 5th Defendants was dismissed with costs whereupon the Company made an oral application for erinford injunction but it was also dismissed. The High Court has fixed trial dates for the suit on 30 May to 1 June 2018, and 4 June 2018. . The next case management is fixed on 29 November 2017.

The Company has filed an appeal against the dismissal of its application for mareva injunction on 31 October 2017 and a motion for erinford injunction on 3 November 2017 to the Court of Appeal. The case management for the appeal is fixed on 6 December 2017 while the hearing of the motion is fixed on 18 December 2017.

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:

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.17	30.09.16	30.09.17	30.09.16
Income/(loss) attributable to owners of the parent (RM'000)	110	(624)	3,608	47
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)	2,053	-	2,053	-
Effect of shares issued pursuant to ESOS ('000)	34,021	-	34,021	-
Effect of shares issued pursuant to private placement ('000)	100,385	-	100,385	-
Weighted average number of issued ordinary shares ('000)	1,868,368	1,731,909	1,868,368	1,731,909
Basic earnings/(loss) per share (sen)	0.01	(0.04)	0.19	0.00

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.17	30.09.16	30.09.17	30.09.16
Profit attributable to owners of the parent (RM'000)	110	^	3,608	^
Weighted average number of issued ordinary shares each ('000)	1,868,368	^	1,868,368	^
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)	2,525,963	^	2,525,963	^
Diluted earnings per share (sen)	0.00	^	0.14	^

^ Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 30 September 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

	30.09.17	31.12.16
	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(58,968)	(62,640)
- Unrealised	(2,044)	(1,120)
	<u>(61,012)</u>	<u>(63,760)</u>
Less: Consolidation adjustments	4,024	3,099
Total accumulated losses of the Group	<u>(56,988)</u>	<u>(60,661)</u>

BY ORDER OF THE BOARD

Liang Wooi Gee

Deputy Managing Director

Dated this 22nd day of November 2017