



LUSTER INDUSTRIES BHD

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2018**

LUSTER INDUSTRIES BHD.
Company No. 156148-P
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Unaudited as at 30-Jun-18 RM'000	Audited as at 31-Dec-17 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	56,476	58,429
Goodwill on consolidation	8,592	8,592
	<u>65,068</u>	<u>67,021</u>
Current assets		
Gross amount due from customers	3,813	63
Property Development Costs	18,902	11,607
Inventories	16,322	12,852
Trade receivables	50,655	41,868
Other receivables, deposits and prepayments	34,434	34,105
Tax refundable	1,093	1,398
Fixed deposits with a licensed bank	1,391	1,389
Cash and bank balances	12,852	17,828
	<u>139,462</u>	<u>121,110</u>
TOTAL ASSETS	<u>204,530</u>	<u>188,131</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	201,529	201,529
Other reserves	(42,908)	(46,519)
	<u>158,621</u>	<u>155,010</u>
Non-controlling interests	997	932
Total equity	<u>159,618</u>	<u>155,942</u>
Non-current liabilities		
Borrowings	1,068	1,379
Deferred tax liabilities	1,183	1,183
	<u>2,251</u>	<u>2,562</u>
Current liabilities		
Trade payables	30,997	21,954
Other payables and accruals	9,759	6,679
Borrowings	1,582	775
Provision for taxation	323	219
	<u>42,661</u>	<u>29,627</u>
Total liabilities	<u>44,912</u>	<u>32,189</u>
TOTAL EQUITY AND LIABILITIES	<u>204,530</u>	<u>188,131</u>
Net assets per share (RM)	0.08	0.08

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 6 MONTHS PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	30-Jun-18 RM'000	30-Jun-17 RM'000	30-Jun-18 RM'000	30-Jun-17 RM'000
Revenue	44,737	34,505	85,642	64,118
Cost of sales	<u>(38,356)</u>	<u>(28,833)</u>	<u>(72,192)</u>	<u>(52,885)</u>
Gross profit	6,381	5,672	13,450	11,233
Other income	588	228	124	296
Administration expenses	(4,042)	(3,245)	(8,132)	(6,658)
Distribution expenses	<u>(214)</u>	<u>(201)</u>	<u>(444)</u>	<u>(481)</u>
Results from operating activities	2,713	2,454	4,998	4,390
Finance costs	<u>(31)</u>	<u>(46)</u>	<u>(66)</u>	<u>(110)</u>
Profit before taxation	2,682	2,408	4,932	4,280
Taxation	<u>(691)</u>	<u>(400)</u>	<u>(1,252)</u>	<u>(695)</u>
Profit for the period	1,991	2,008	3,680	3,585
Other comprehensive income:				
Exchange translation reserve	<u>71</u>	<u>(64)</u>	<u>(5)</u>	<u>(92)</u>
Total comprehensive income for the period	<u>2,062</u>	<u>1,944</u>	<u>3,675</u>	<u>3,493</u>
Income for the year attributable to:				
Owners of the parent	1,968	1,979	3,614	3,498
Non-controlling interests	<u>23</u>	<u>29</u>	<u>66</u>	<u>87</u>
	<u>1,991</u>	<u>2,008</u>	<u>3,680</u>	<u>3,585</u>
Total comprehensive income attributable to:				
Owners of the parent	2,011	1,941	3,611	3,443
Non-controlling interests	<u>51</u>	<u>3</u>	<u>64</u>	<u>50</u>
	<u>2,062</u>	<u>1,944</u>	<u>3,675</u>	<u>3,493</u>
Basic earning per ordinary share (sen)	<u>0.10</u>	<u>0.11</u>	<u>0.18</u>	<u>0.19</u>
Diluted earnings per ordinary share (sen)	<u>NA</u>	<u>0.08</u>	<u>NA</u>	<u>0.14</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.

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 2018

	----- Attributable to owners of the parent -----							----- Non-distributable -----			
	Share capital RM'000	ICULS RM'000	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Discount on shares RM'000	ESOS reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
As at 1 January 2018	201,529	-	722	22,618	(22,618)	-	8,420	(55,661)	155,010	932	155,942
Total comprehensive income for the period	-	-	(3)	-	-	-	-	3,614	3,611	65	3,676
As at 30 June 2018	201,529	-	719	22,618	(22,618)	-	8,420	(52,047)	158,621	997	159,618
As at 1 January 2017	174,142	473	862	22,618	(22,618)	1,590	8,420	(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
As at 30 June 2017	201,530	-	770	22,618	(22,618)	-	8,420	(57,098)	153,622	956	154,578

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 6 MONTHS PERIOD ENDED 30 JUNE 2018

	30-Jun-18 RM'000	30-Jun-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,932	4,280
Adjustments for:		
Depreciation	2,558	2,479
Gain on disposal of property, plant and equipment	(276)	(511)
Interest expense	66	110
Interest income	(95)	(226)
Unrealised (gain)/loss on foreign exchange	(85)	514
Operating profit before working capital changes	<u>7,100</u>	6,646
Increase in contract customer	(3,751)	-
Increase in property development costs	(7,295)	(2,901)
Increase in inventories	(3,469)	(5,366)
Increase in receivables	(8,771)	(16,967)
Increase/(decrease) in payables	<u>12,035</u>	(3,044)
Cash used in operations	(4,151)	(21,632)
Income tax paid	(842)	(773)
Interest paid	<u>(66)</u>	(110)
Net cash used in operating activities	<u>(5,059)</u>	(22,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	95	226
Proceeds from disposal of property, plant and equipment	381	2,321
Purchase of property, plant and equipment	(622)	(877)
Net cash (used in)/generated from investing activities	<u>(146)</u>	1,670
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bankers acceptance	284	-
Drawdown of revolving credit	500	-
Repayment of finance lease	(396)	(842)
Repayment of bankers' acceptance	-	(2,000)
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 financing activities	<u>388</u>	25,415
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(4,817)</u>	4,570
Effects of foreign exchange rates changes	(157)	(332)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>17,974</u>	16,921
CASH AND CASH EQUIVALENTS AT END	<u>13,000</u>	<u>21,159</u>
Represented by:		
Fixed deposits with licensed banks	148	153
Cash and bank balances	<u>12,852</u>	21,006
	<u>13,000</u>	<u>21,159</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 2017.

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 2017, 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 Share-based Payment: 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: Transfers of Investment Property

Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)

IC Interpretation (“IC Int”) 22 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Int 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The existing MFRS 4 and Amendments to MFRS 4 will be withdrawn upon the adoption of the new MFRS 17 which will take effect on or after 1 January 2021.

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group.

3. Auditors' qualification of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

4. Seasonality or cyclical 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.

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.

	6 months ended 30.06.18 (RM'000)	6 months ended 30.06.17 (RM'000)
Segment Revenue		
Manufacturing	64,470	56,898
Gaming & leisure	2,390	1,937
Property development & construction	18,782	5,283
Others	438	438
Total revenue including inter-segment sales	86,080	64,556
Elimination of inter-segment sales	(438)	(438)
Total revenue to external customers	<u>85,642</u>	<u>64,118</u>

	6 months ended 30.06.18 (RM'000)	6 months ended 30.06.17 (RM'000)
Segment Results		
Manufacturing	3,462	3,913
Gaming & leisure	165	217
Property development & construction	1,557	74
Others	(252)	76
Profit before taxation	4,932	4,280
Taxation	(1,252)	(695)
Profit for the year	<u>3,680</u>	<u>3,585</u>

	As at 30.06.18 (RM'000)	As at 30.06.17 (RM'000)
Segment Assets		
Manufacturing	157,612	145,183
Gaming & leisure	3,572	3,032
Property development & construction	62,955	31,674
Others	162,970	163,904
Total assets including inter-segment assets	387,109	343,793
Elimination of inter-segment assets	(182,579)	(166,343)
Total assets	<u>204,530</u>	<u>177,450</u>

	As at 30.06.18 (RM'000)	As at 30.06.17 (RM'000)
Segment Liabilities		
Manufacturing	51,964	42,873
Gaming & leisure	858	730
Property development & construction	59,498	30,990
Others	10,267	11,767
Total liabilities including inter-segment liabilities	<u>122,587</u>	<u>86,360</u>
Elimination of inter-segment liabilities	<u>(77,675)</u>	<u>(63,488)</u>
Total liabilities	<u><u>44,912</u></u>	<u><u>22,872</u></u>

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

	As at 30.06.18 (RM'000)	As at 30.06.17 (RM'000)
Segment Assets		
Malaysia	200,958	174,419
Cambodia	<u>3,572</u>	<u>3,031</u>
Total assets	<u><u>204,530</u></u>	<u><u>177,450</u></u>
Segment Liabilities		
Malaysia	44,337	22,443
Cambodia	<u>575</u>	<u>429</u>
Total liabilities	<u><u>44,912</u></u>	<u><u>22,872</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 2017.

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.

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:	
- Tripartite Agreement	3,710
- Project Financing, Management and Construction Agreement	<u>12,898</u>
	<u>16,608</u>

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

1. Review of performance

Comparison with Corresponding Quarter in Previous Year

	Individual Quarter 3 Months Ended		Changes %
	(Unaudited) 30.06.18 RM'000	(Unaudited) 30.06.17 RM'000	
	Revenue	44,737	
Results from operating activities	2,713	2,454	10.55
Profit before taxation	2,682	2,408	11.38
Profit after taxation	1,991	2,008	(0.85)
Profit attributable to owners of the parent	1,968	1,979	(0.56)

The Group recorded a revenue and profit before taxation (PBT) of RM44.7 million and RM2.7 million respectively in current quarter under review. The revenue and PBT recorded in previous year corresponding quarter were RM34.5 million and RM2.4 million respectively. The increase in revenue was mainly due to the increase in delivery to audio visual industry and Original Equipment Manufacturer (“OEM”) products in hygiene and pest control industry in manufacturing segment.

The manufacturing segment had recorded a revenue of RM36.2 million and RM28.5 million in current quarter under review and previous year corresponding quarter respectively. PBT recorded in manufacturing segment was RM1.8 million in current quarter under review as compared to PBT of RM1.9 million in previous year corresponding quarter. The increase in revenue was mainly due to the increase in delivery to audio visual industry and OEM products in hygiene and pest control industry. However, the sales in machining division had reduced by RM2.0 million as a result of lower orders from a refrigeration and air conditioning customer. This had resulted in lower PBT recorded in this division hence affecting the overall profit in the manufacturing segment. The PBT in plastic injection moulding division had increased by RM0.9 million from RM0.8 million in previous year corresponding quarter to RM1.7 million in current quarter under review.

The gaming & leisure segment recorded a revenue of RM1.2 million in current quarter under review as compared to RM0.8 million in previous year corresponding quarter. Gaming & leisure segment had recorded a PBT of RM0.4 million and RM0.1 million in current quarter under review and previous year corresponding quarter respectively.

The Group had recorded a revenue of RM7.4 million in property development & construction segment in current quarter under review as compared to RM5.3 million in previous year corresponding quarter. The revenue was generated from the construction project in Kota Baru awarded on 10 March 2017. Property development & construction segment had recorded a PBT of RM0.9 million in current quarter under review as compared to RM0.1 million in previous year corresponding quarter.

Comparison with Corresponding Financial Period To Date in Previous Year

	Cumulative Quarter 6 Months Ended		Changes %
	(Unaudited) 30.06.18 RM'000	(Unaudited) 30.06.17 RM'000	
Revenue	85,642	64,118	33.57
Results from operating activities	4,998	4,390	13.85
Profit before taxation	4,932	4,280	15.23
Profit after taxation	3,680	3,585	2.65
Profit attributable to owners of the parent	3,614	3,498	3.32

The Group had recorded a revenue and PBT of RM85.6 million and RM4.9 million respectively in current reporting period as compared to the revenue and PBT of RM64.1 million and RM4.3 million respectively in previous year corresponding period. The increase in revenue was mainly due to the sales generated from property development & construction segment and manufacturing segment.

The revenue in property development & construction sector was RM18.8 million in current reporting period as compared to RM5.3 million recorded in previous year corresponding period. The revenue in manufacturing segment had increased by RM7.6 million mainly due to the increase in delivery to audio visual industry and OEM products in hygiene and pest control industry.

The PBT in property development & construction segment had increased by RM1.5 million from RM0.1 million in previous year corresponding period to RM1.6 million in current reporting period. PBT in manufacturing segment had reduced from RM3.9 million in previous year corresponding period to RM3.5 million in current reporting period mainly due to different sales mix. Sales in machining division had reduced by RM2.0 million, hence, affecting the overall profit in the manufacturing segment. The PBT in plastic injection moulding division had increased by RM0.9 million.

2. Variation of results against preceding quarter

	Individual Quarter 3 Months Ended		
	(Unaudited)	(Unaudited)	Changes
	30.06.18 RM'000	31.03.18 RM'000	%
Revenue	44,737	40,905	9.37
Results from operating activities	2,713	2,285	18.73
Profit before taxation	2,682	2,250	19.20
Profit after taxation	1,991	1,689	17.88
Profit attributable to owners of the parent	1,968	1,646	19.56

The Group had recorded a revenue of RM44.7 million in current quarter under review as compared to a revenue of RM40.9 million in previous quarter. PBT recorded was RM2.7 million and RM2.3 million in current quarter under review and previous quarter respectively. This increase in revenue was mainly due to the increase in delivery to audio visual industry and hygiene and pest control industry in manufacturing segment.

3. Prospects

Global growth is projected to edge up in the coming years. This modest recovery is predicted to be more an indication of economic stabilization than a signal of a robust and sustained revival of global demand. However, the Group will remain prudent in all its operations.

In the manufacturing segment, we will continue to differentiate ourselves from the other manufacturers to maintain competitiveness and profitability. We will continue to improve the resources to provide the value-added and soft-skilled activities especially on the product design, research and development has been put in place to position and prepare the Group to evolve itself from OEM player to become an Original Design Manufacturer (“ODM”) player. The Group is also putting in place its strategies to penetrate into the medical industry. The Group has just completed its audit for its ISO13485 which is a quality assurance system for medical industry.

In property development and construction segment, the Group will continue to explore additional construction related and property development projects by way of leveraging on the experiences and network of its construction key personnel. In order to minimize the investment outlay in this sector, the Group is also exploring the opportunity to enter into joint ventures to grow this segment.

As for the gaming and leisure segment, the Group continues to put in place the strategies to expand its sales network and representatives in Cambodia in its gaming and leisure segment. Offices are opened in other provinces to create the confidence and

presence of the Company business in Cambodia, hence improving the revenue. More sales agents are also recruited by improving the rewarding system for the agents. Pan Cambodian Lottery Corporation Limited, a 60% owned subsidiary of Luster, has moved to a new office to enhance the company image in order to create more visibility.

In light of the above and barring any unforeseen circumstances, the Board is cautiously optimistic in delivering a better result in financial year 2018.

4. Variance of profit forecast or profit guarantee

No profit forecast or profit guarantee was published for the current quarter and financial period to date other than the followings:-

The Board had on 23 May 2018 announced that there was a shortfall of USD2,820,123 (equivalent to approximately RM12,068,434) only in the profit guarantee provided by Opal Deluxe Limited (“Opal”), based on the audited financial statements of Pan Cambodian Lottery Corporation Limited (“PCL”) for the financial year ended 31 December 2017 dated 18 March 2018.

The Board had proposed to amicably settle this issue by entering into a proposed supplemental agreement with Opal:

- a. for Opal to cause a third party to lease to PCL a plot of land and building, including all immovable property attached to the land, suitable for and for the purpose of accommodating in it gaming and casino operations under the terms and conditions to be mutually agreed by both Luster and Opal; and
- b. for Opal to transfer 35% of its equity shareholdings of Opal in PCL to Luster at a nominal consideration of USD1.00.

The proposed supplemental agreement is expected to be executed within 6 months from the date of the said announcement.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.18	30.06.17	30.06.18	30.06.17
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current tax	(691)	(400)	(1,252)	(695)

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 3 Months Ended		Cumulative Quarter 6 Months Ended	
	(Unaudited) 30.06.18 RM'000	(Unaudited) 30.06.17 RM'000	(Unaudited) 30.06.18 RM'000	(Unaudited) 30.06.17 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Depreciation	1,287	1,247	2,558	2479
Gain on disposal of property, Plant and equipment	(276)	(511)	(276)	(511)
Interest expense	31	46	66	110
Interest income	(53)	(185)	(95)	(226)
Realised loss on foreign exchange	65	301	355	295
Rental income	(10)	(5)	(18)	(8)
Unrealised (gain)/loss on foreign exchange	(312)	266	(85)	514

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

Save as disclosed below, there were no corporate proposals announced or not completed as at the date of this report:

- a. On 28 August 2018, the Board announced that the shareholders had approved the proposed diversification of the business the Group to include property development and construction businesses.
- b. 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	Actual Utilisation as at 30.06.18	Balance as at 30.06.18	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
Property development expenditure	10,000	7,141	2,859	Within 21 months
Working Capital	8,662	8,728	-	Completed
Expenses for the Corporate Exercise	190	124	-	Completed
	18,852	15,993	2,859	

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 30.06.18

	Non-Current RM'000	Current RM'000	Total RM'000
Secured			
Bankers acceptance	-	284	284
Finance lease liabilities	1,068	798	1,866
Revolving Credit	-	500	500
Total	<u>1,068</u>	<u>1,582</u>	<u>2,650</u>

As at quarter ended 30.06.17

	Non-Current RM'000	Current RM'000	Total RM'000
Secured			
Finance lease liabilities	<u>1,760</u>	<u>847</u>	<u>2,607</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 action 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 High Court has fixed trial dates for the suit 29 October 2018, 30 October 2018, 31 October 2018, 1 November 2018 and 2 November 2018.

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 6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
Income attributable to owners of the parent (RM'000)	1,968	1,979	3,614	3,498
	<hr/>		<hr/>	
	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
Adjusted number of issued ordinary shares ('000)	1,976,035	1,731,909	1,976,035	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
	<hr/>		<hr/>	
Weighted average number of issued ordinary shares ('000)	1,976,035	1,813,642	1,976,035	1,813,642
	<hr/>		<hr/>	
Basic earnings per share (sen)	0.10	0.11	0.18	0.19
	<hr/>		<hr/>	

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

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
Income attributable to owners of the parent (RM'000)	^	1,979	^	3,498
	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
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)	^	2,471,237	^	2,471,237
Diluted earnings per share (sen)	^	0.08	^	0.14

^ Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 30 June 2018, the 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.

BY ORDER OF THE BOARD
Liang Wooi Gee
Deputy Managing Director
Dated this 28th day of August 2018