



# **LUSTER INDUSTRIES BHD**

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED  
31 MARCH 2019**



**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Unaudited as at 31-Mar-19 RM'000	Audited as at 31-Dec-18 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	53,294	54,436
Goodwill on consolidation	7,754	7,754
Deferred tax assets	4,565	4,565
Trade receivables	5,135	1,983
	<u>70,748</u>	<u>68,738</u>
<b>Current assets</b>		
Contract assets	6,262	9,141
Inventory properties	20,410	19,189
Inventories	18,867	17,651
Trade receivables	43,378	32,515
Other receivables, deposits and prepayments	31,623	35,007
Current tax assets	1,607	1,693
Fixed deposits with licensed banks	2,818	3,828
Cash and bank balances	20,218	20,972
	<u>145,183</u>	<u>139,996</u>
<b>TOTAL ASSETS</b>	<u>215,931</u>	<u>208,734</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	201,529	201,529
Other reserves	(31,476)	(32,959)
	<u>170,053</u>	<u>168,570</u>
Non-controlling interests	145	148
<b>Total equity</b>	<u>170,198</u>	<u>168,718</u>
<b>Non-current liabilities</b>		
Borrowings	1,057	1,237
Deferred tax liabilities	1,284	1,284
Trade payables	4,311	1,698
	<u>6,652</u>	<u>4,219</u>
<b>Current liabilities</b>		
Trade payables	24,123	22,429
Other payables and accruals	8,699	7,485
Borrowings	6,122	5,746
Current tax liabilities	137	137
	<u>39,081</u>	<u>35,797</u>
<b>Total liabilities</b>	<u>45,733</u>	<u>40,016</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>215,931</u>	<u>208,734</u>
<b>Net assets per share (RM)</b>	<b>0.09</b>	<b>0.09</b>

The accompany notes form an integral part of this interim financial report.

**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2019**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	31-Mar-19 RM'000	31-Mar-18 RM'000	31-Mar-19 RM'000	31-Mar-18 RM'000
Revenue	46,894	40,905	46,894	40,905
Cost of sales	<u>(39,688)</u>	<u>(33,836)</u>	<u>(39,688)</u>	<u>(33,836)</u>
<b>Gross profit</b>	<b>7,206</b>	7,069	<b>7,206</b>	7,069
Other income/(expenses)	<b>91</b>	(464)	<b>91</b>	(464)
Administrative expenses	<b>(4,951)</b>	(4,090)	<b>(4,951)</b>	(4,090)
Selling and distribution expenses	<u>(276)</u>	<u>(230)</u>	<u>(276)</u>	<u>(230)</u>
<b>Results from operating activities</b>	<b>2,070</b>	2,285	<b>2,070</b>	2,285
Finance costs	<u>(93)</u>	<u>(35)</u>	<u>(93)</u>	<u>(35)</u>
<b>Profit before tax</b>	<b>1,977</b>	2,250	<b>1,977</b>	2,250
Tax expense	<u>(441)</u>	<u>(561)</u>	<u>(441)</u>	<u>(561)</u>
<b>Profit for the period</b>	<b>1,536</b>	1,689	<b>1,536</b>	1,689
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operation	<u>(56)</u>	<u>(123)</u>	<u>(56)</u>	<u>(123)</u>
<b>Total comprehensive income for the period</b>	<b>1,480</b>	1,566	<b>1,480</b>	1,566
<b>Profit attributable to:</b>				
Owners of the parent	<b>1,536</b>	1,646	<b>1,536</b>	1,646
Non-controlling interests	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>
	<b>1,536</b>	1,689	<b>1,536</b>	1,689
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>1,483</b>	1,572	<b>1,483</b>	1,572
Non-controlling interests	<u>(3)</u>	<u>(6)</u>	<u>(3)</u>	<u>(6)</u>
	<b>1,480</b>	1,566	<b>1,480</b>	1,566
Basic earning per ordinary share (sen)	<u><b>0.08</b></u>	<u>0.08</u>	<u><b>0.08</b></u>	<u>0.08</u>
Diluted earnings per ordinary share (sen)	<u><b>NA</b></u>	<u>NA</u>	<u><b>NA</b></u>	<u>NA</u>

The accompany notes form an integral part of this interim financial report.

**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2019**

	----- Attributable to owners of the parent -----								
	----- Non-distributable -----								
	Share capital RM'000	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Discount on shares 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 2019	201,529	761	22,618	(22,618)	8,420	(42,140)	168,570	148	168,718
Total comprehensive income for the period	-	(53)	-	-	-	1,536	1,483	(3)	1,480
As at 31 March 2019	<b>201,529</b>	<b>708</b>	<b>22,618</b>	<b>(22,618)</b>	<b>8,420</b>	<b>(40,604)</b>	<b>170,053</b>	<b>145</b>	<b>170,198</b>
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	-	(123)	-	-	-	1,646	1,523	43	1,566
As at 31 March 2018	201,529	599	22,618	(22,618)	8,420	(54,015)	156,533	975	157,508

The accompany notes form an integral part of this interim financial report.

**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2019**

	31-Mar-19 RM'000	31-Mar-18 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,977	2,250
Adjustments for:		
Depreciation	1,202	1,271
Gain on disposal of property, plant and equipment	(12)	-
Impairment on inventories	308	-
Interest expense	93	35
Interest income	(70)	(42)
Unrealised loss on foreign exchange	148	227
Operating profit before working capital changes	<u>3,646</u>	<u>3,741</u>
Changes in:		
Contract assets	2,879	(3,526)
Inventoryproperties	(1,221)	(86)
Inventories	(1,524)	(3,496)
Receivables	(10,740)	135
Payables	<u>5,537</u>	<u>5,945</u>
Cash (used in)/from operations	(1,423)	2,713
Income tax paid	(355)	(513)
Interest paid	<u>(93)</u>	<u>(35)</u>
Net cash (used in)/from operating activities	<u>(1,871)</u>	<u>2,165</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	194	42
Proceeds from disposal of property, plant and equipment	12	24
Purchase of property, plant and equipment	(64)	(316)
Net cash from/(used in) investing activities	142	(250)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in bankers' acceptance	2,651	-
Net changes in revolving credit	(500)	-
Repayment of finance lease	(220)	(196)
Repayment of term loan	(9)	-
Withdrawal of fixed deposits	1,028	-
Net cash from/(used in) financing activities	<u>2,950</u>	<u>(196)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>1,221</u>	<u>1,719</u>
<b>Effects of foreign exchange rates changes</b>	<u>(107)</u>	<u>(237)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>20,944</u>	<u>19,974</u>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u>22,058</u>	<u>19,456</u>
<b>Represented by:</b>		
Fixed deposits with licensed banks	1,919	147
Cash and bank balances	20,218	19,309
Bank overdraft	(79)	-
	<u>22,058</u>	<u>19,456</u>

The accompany notes form an integral part of 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 2018.

#### **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 2018, 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 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

Annual Improvements to MFRS Standards 2015-2017 Cycle

IC Interpretation 23 Uncertainty over Income Tax Treatments

##### **Effective for annual periods beginning on or after 1 January 2020**

Amendments to References to the Conceptual Framework in MFRS Standards

##### **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 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 impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

### **MFRS 16 Leases**

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

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

The auditors' report on the financial statements for the financial year ended 31 December 2018 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.

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>3 months ended 31.03.19 RM'000</b>	<b>3 months ended 31.03.18 RM'000</b>
<b>Segment Revenue</b>		
Manufacturing	32,767	28,316
Property development & construction	12,832	11,376
Gaming & leisure	1,295	1,213
Others	219	219
Total revenue including inter-segment sales	<u>47,113</u>	<u>41,124</u>
Elimination of inter-segment sales	<u>(219)</u>	<u>(219)</u>
Total revenue to external customers	<u><u>46,894</u></u>	<u><u>40,905</u></u>

	<b>3 months ended 31.03.19 RM'000</b>	<b>3 months ended 31.03.18 RM'000</b>
<b>Segment Results</b>		
Manufacturing	1,084	1,687
Property development & construction	1,054	671
Gaming & leisure	178	107
Others	(211)	(215)
Total results	<u>2,105</u>	<u>2,250</u>
Elimination	(128)	-
Profit before tax	<u>1,977</u>	<u>2,250</u>
Tax	(441)	(561)
Profit for the year	<u><u>1,536</u></u>	<u><u>1,689</u></u>
	<b>As at 31.03.19 RM'000</b>	<b>As at 31.03.18 RM'000</b>
<b>Segment Assets</b>		
Manufacturing	143,183	132,336
Property development & construction	82,247	57,497
Gaming & leisure	4,097	3,318
Others	175,764	163,144
Total assets before elimination	<u>405,291</u>	<u>356,295</u>
Elimination	(189,360)	(160,839)
Total assets	<u><u>215,931</u></u>	<u><u>195,456</u></u>
	<b>As at 31.03.19 RM'000</b>	<b>As at 31.03.18 RM'000</b>
<b>Segment Assets by Locations</b>		
Malaysia	211,835	192,138
Cambodia	4,096	3,318
Total assets	<u><u>215,931</u></u>	<u><u>195,456</u></u>
	<b>As at 31.03.19 RM'000</b>	<b>As at 31.03.18 RM'000</b>
<b>Segment Liabilities</b>		
Manufacturing	38,881	28,080
Property development & construction	33,463	54,630
Gaming & leisure	1,133	782
Others	2,786	10,391
Total liabilities before elimination	<u>76,263</u>	<u>93,883</u>
Elimination	(30,530)	(55,935)
Total liabilities	<u><u>45,733</u></u>	<u><u>37,948</u></u>

	<b>As at 31.03.19 RM'000</b>	<b>As at 31.03.18 RM'000</b>
<b>Segment Liabilities by Locations</b>		
Malaysia	44,886	37,436
Cambodia	847	512
Total liabilities	<u>45,733</u>	<u>37,948</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 2018.

**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:

	<b>RM'000</b>
The balance commitments payable pursuant to:	
- Tripartite Agreement	3,710
- Project Financing, Management and Construction Agreement	<u>11,998</u>
	<u>15,708</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**

	<b>Individual Quarter 3 Months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 31.03.19 RM'000</b>	<b>(Unaudited) 31.03.18 RM'000</b>	
	Revenue	46,894	
Results from operating activities	2,070	2,285	(9.41)
Profit before tax	1,977	2,250	(12.13)
Profit after tax	1,536	1,689	(9.06)
Profit attributable to owners of the parent	1,536	1,646	(6.68)

The Group recorded a revenue and profit before tax (“PBT”) of RM46.9 million and RM2.0 million respectively in current quarter under review as compared to RM40.9 million and RM2.3 million respectively in previous year corresponding quarter. The increase in revenue was mainly contributed by the higher sales of the hygiene and pest control products in the manufacturing segment. The successful launch of the project in Daerah Seberang Perai Utara had contributed to the higher recognition of the revenue in property development and construction segment. However, the revenue of the machining division in the manufacturing segment had declined mainly due to the lower demand from its customer in the air-conditioning and refrigeration industry, hence, affecting the bottom-line of the manufacturing segment and the Group.

The revenue and PBT recorded in manufacturing segment were RM32.8 million and RM1.1 million respectively in current quarter under review as compared to RM28.3 million and RM1.7 million respectively in previous year corresponding quarter. The higher revenue was mainly due to the increase in the demand from its customer in the hygiene and pest control industry. However, a lower PBT was recorded due to the decline in revenue from the machining division where lower demand was recorded from its main customer in the air-conditioning and refrigeration industry.

The Group had recorded a revenue of RM12.8 million as compared to RM11.4 million in property development & construction segment in current quarter under review and previous year corresponding quarter respectively. Property development & construction segment had recorded a PBT of RM1.1 million in current quarter under review as compared to RM0.7 million in previous year corresponding quarter. The successful launch of project in Daerah Seberang Perai Utara had contributed to the higher recognition of the revenue.

The gaming & leisure segment recorded a revenue of RM1.3 million in current quarter under review as compared to RM1.2 million in previous year corresponding quarter.

Gaming & leisure segment had recorded a PBT of RM0.2 million in current quarter under review as compared to RM0.1 million in previous year corresponding quarter. The Management is maintaining the operation of the digit game while engaging and directing its focus on establishing new games and also the propose operation of the hotel and casino.

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

	<b>Cumulative Quarter 3 Months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 31.03.19 RM'000</b>	<b>(Unaudited) 31.03.18 RM'000</b>	
Revenue	46,894	40,905	14.64
Results from operating activities	2,070	2,285	(9.41)
Profit before tax	1,977	2,250	(12.13)
Profit after tax	1,536	1,689	(9.06)
Profit attributable to owners of the parent	1,536	1,646	(6.68)

The Group had recorded a revenue and PBT of RM46.9 million and RM2.0 million in current reporting period as compared to the revenue and PBT of RM40.9 million and RM2.3 million in previous year corresponding period. The increase in revenue was mainly contributed by the higher sales of the hygiene and pest control products in the manufacturing segment. The advance stage of completion of the existing property development projects and the successful launch of the subsequent phases of the existing projects had also contributed to the higher recognition of the revenue in property development and construction segment. However, the revenue of the machining division in the manufacturing segment had declined mainly due to the lower demand from its customer in the air-conditioning and refrigeration industry, hence, affecting the bottom-line of the segment and the Group.

### 2. Variation of results against preceding quarter

	<b>Individual Quarter 3 Months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 31.03.19 RM'000</b>	<b>(Unaudited) 31.12.18 RM'000</b>	
Revenue	46,894	37,213	26.02
Results from operating activities	2,070	1,168	77.23
Profit before taxation	1,977	1,062	86.16
Profit after taxation	1,536	1,188	29.29
Profit attributable to owners of the parent	1,536	1,179	30.28

The revenue recorded in current quarter under review was RM46.9 million as compared to a revenue of RM37.2 million in previous quarter. The higher revenue was mainly due to the increase in the demand from its customer in the hygiene and pest control industry. The advance stage of completion and the successful launch of the subsequent phases of the existing project in Daerah Seberang Perai Utara had contributed to the higher recognition of the revenue in the property development and construction segment.

PBT recorded was RM2.0 million in current quarter under review as compared to RM1.1 million in previous quarter. This was mainly due to the impairment loss on goodwill on consolidation and impairment loss on inventories amounting to RM0.8 million and RM0.4 million respectively in previous quarter.

### **3. Prospects**

The global economy remains uncertain and faces with various challenges. Economies in Eurozone, United Kingdom, Japan and China have not been encouraging. With anticipated escalating trade conflicts, a contraction in world trade could drag down the global demand even more.

Despite the global outlook uncertainty, the escalating trade conflicts and heightening financial market volatility, Malaysia's near-term growth outlook remains resilient with sound macroeconomic fundamentals, stable financial conditions and diversified economic structure. The Group will remain prudent in all its operations.

The manufacturing segment will continue to differentiate itself from the other manufacturers to generate higher revenue and improved margin. The Manufacturing segment will continue the strategies to position and prepare itself to evolve to become an Original Design Manufacturer (“ODM”) player. In 2019, barring any unforeseen circumstances, the Manufacturing segment will undertake Research and Development in the medical devices and equipment to further diversify its income stream in the manufacturing segment.

The residential property market in Malaysia is expected to grow marginally following the mismatch between demand and supply. However, the demand for residential property will continue to be fueled by the affordable housing scheme currently promoted by both the Federal and State governments. The property development and construction segment has successfully launched the affordable housing project in Daerah Seberang Perai Utara and the sales have been encouraging. The affordable housing project in Pengkalan Hulu, Perak, under the “Built Then Sell” (“BTS”) scheme is almost completed. The property development and construction segment will continue to explore the opportunity in the development of the affordable housing scheme for the near-term. This segment will adopt a more careful and prudent strategies in developing the high-medium and high-end housing development projects.

Cambodia's economy is predicted to remain resilient and maintain a high growth rate this year in the face of challenges posed by the global economy. Domestic demand has boosted by higher wage growth and larger public investments with fiscal expansion

serving as stimulus. This has significantly contributed to the larger disposal income of the population. The growth experienced by the country, has also contributed positively to the growth of the digit forecast gaming industry. The gaming and leisure segment continues to put in place the strategies to expand its sales network and representatives in Cambodia to capture a bigger market share in this growing market

Buoyed by Cambodia's rapidly growing tourism industry, gaming has enjoyed a steady growth in the recent years. With the influx of Chinese tourists to Cambodia and also the growth in the neighbouring country, Vietnam, the company has also put in place the plan to establish its casino operation in 2019. The company had leased a piece of land in Kampot Province bordering Vietnam for its casino operation. The company is also at the stage of final discussion with the consultants for the construction of the casino and hotel building. With the efforts of the tour agencies to attract more tourists to Cambodia and the Cambodian Government to enact more gaming legislation to streamline the gaming industry, the Cambodian gaming industry is buoyed for growth and outlook is promising.

In light of the above and barring any unforeseen circumstances, the Board is cautiously optimistic in delivering a better result in financial year 2019.

#### 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.

#### 5. Taxation

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:				
- Current tax	(441)	(561)	(441)	(561)

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 before taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	(Unaudited) 31.03.19	(Unaudited) 31.03.18	(Unaudited) 31.03.19	(Unaudited) 31.03.18
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Depreciation	1,202	1,271	1,202	1,271
Gain on disposal of property, plant and equipment	(12)	-	(12)	-
Impairment loss on inventories	308	-	308	-
Interest expense	93	35	93	35
Interest income	(70)	(42)	(70)	(42)
Realised loss on foreign exchange	190	290	190	290
Rental income	(7)	(8)	(7)	(8)
Unrealised loss on foreign exchange	148	227	148	227

Other than the above items, there are no impairment of receivables, 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:

The Company had on 18 October 2018 announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 18 October 2018, resolved to approve the listing and quotation of up to 197,603,500 new ordinary shares to be issued pursuant to the Private Placement. On 8 April 2019, the Company further announced that Bursa Securities had, vide its letter dated 8 April 2019, resolved to grant the Company an extension of time of 6 months until 17 October 2019 to complete the Placement.



## 8. Borrowings and debts securities

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

### As at quarter ended 31.03.19

	Non-Current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Bankers acceptance	-	4,151	4,151
Finance lease liabilities	805	857	1,662
Overdraft	-	79	79
Revolving credit	-	1,000	1,000
Term loan	252	35	287
Total	<u>1,057</u>	<u>6,122</u>	<u>7,179</u>

### As at quarter ended 31.03.18

	Non-Current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Finance lease liabilities	<u>1,187</u>	<u>789</u>	<u>1,976</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 ("High Court"), 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 trial has concluded on 6 March 2019, the High Court had fixed 2 July 2019 for oral submission or clarification of the written submission.

## 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>3 Months Ended</b>	<b>3 Months Ended</b>	<b>3 Months Ended</b>
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
Income attributable to owners of the parent (RM'000)	1,536	1,646	1,536	1,646
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>3 Months Ended</b>
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
Weighted average number of issued ordinary shares ('000)	1,976,035	1,976,035	1,976,035	1,976,035
Basic earnings per share (sen)	0.08	0.08	0.08	0.08

<sup>^</sup> Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 31 March 2019, 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 29th day of May 2019**