



# **LUSTER INDUSTRIES BHD**

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED  
30 SEPTEMBER 2019**



**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	Unaudited as at 30-Sep-19 RM'000	Audited as at 31-Dec-18 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	51,355	54,436
Goodwill on consolidation	7,754	7,754
Deferred tax assets	4,565	4,565
Trade receivables	7,147	1,983
	<u>70,821</u>	<u>68,738</u>
<b>Current assets</b>		
Contract assets	6,978	9,141
Inventory properties	19,591	19,189
Inventories	17,830	17,651
Trade receivables	53,788	32,515
Other receivables, deposits and prepayments	37,293	35,007
Current tax assets	1,037	1,693
Fixed deposits with licensed banks	4,746	3,828
Cash and bank balances	17,759	20,972
	<u>159,022</u>	<u>139,996</u>
<b>TOTAL ASSETS</b>	<u>229,843</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	(25,828)	(32,959)
	<u>175,701</u>	<u>168,570</u>
Non-controlling interests	156	148
<b>Total equity</b>	<u>175,857</u>	<u>168,718</u>
<b>Non-current liabilities</b>		
Borrowings	706	1,237
Deferred tax liabilities	1,284	1,284
Trade payables	6,409	1,698
	<u>8,399</u>	<u>4,219</u>
<b>Current liabilities</b>		
Gross amount due to a customer on contract	1,576	-
Trade payables	26,520	22,429
Other payables and accruals	5,302	7,485
Borrowings	10,724	5,746
Current tax liabilities	1,464	137
	<u>45,586</u>	<u>35,797</u>
<b>Total liabilities</b>	<u>53,985</u>	<u>40,016</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>229,842</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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2019**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Revenue	51,952	51,748	133,443	137,390
Cost of sales	<u>(41,888)</u>	<u>(42,357)</u>	<u>(111,413)</u>	<u>(114,549)</u>
<b>Gross profit</b>	<b>10,064</b>	9,391	<b>22,030</b>	22,841
Other income	444	207	680	331
Administrative expenses	(3,723)	(5,228)	(12,071)	(13,360)
Selling and distribution expenses	<u>(222)</u>	<u>(240)</u>	<u>(727)</u>	<u>(684)</u>
<b>Results from operating activities</b>	<b>6,563</b>	4,130	<b>9,912</b>	9,128
Finance costs	<u>(163)</u>	<u>(53)</u>	<u>(344)</u>	<u>(119)</u>
<b>Profit before tax</b>	<b>6,400</b>	4,077	<b>9,568</b>	9,009
Tax expense	<u>(1,602)</u>	<u>(708)</u>	<u>(2,453)</u>	<u>(1,960)</u>
<b>Profit for the period</b>	<b>4,798</b>	3,369	<b>7,115</b>	7,049
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operation	<u>27</u>	<u>69</u>	<u>24</u>	<u>64</u>
<b>Total comprehensive income for the period</b>	<b>4,825</b>	3,438	<b>7,139</b>	7,113
<b>Profit attributable to:</b>				
Owners of the parent	4,791	3,320	7,109	6,934
Non-controlling interests	<u>7</u>	<u>49</u>	<u>6</u>	<u>115</u>
	<b>4,798</b>	3,369	<b>7,115</b>	7,049
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	4,817	3,361	7,132	6,972
Non-controlling interests	<u>8</u>	<u>77</u>	<u>7</u>	<u>141</u>
	<b>4,825</b>	3,438	<b>7,139</b>	7,113
Basic earning per ordinary share (sen)	<u>0.24</u>	<u>0.17</u>	<u>0.36</u>	<u>0.35</u>
Diluted earnings per ordinary share (sen)	<u>NA</u>	<u>0.13</u>	<u>NA</u>	<u>0.26</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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 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	-	22	-	-	-	7,109	7,131	8	7,139
As at 30 September 2019	201,529	783	22,618	(22,618)	8,420	(35,031)	175,701	156	175,857
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	-	38	-	-	-	6,934	6,972	141	7,113
As at 30 September 2018	201,529	760	22,618	(22,618)	8,420	(48,727)	161,982	1,073	163,055

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**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 2019**

	30-Sep-19 RM'000	30-Sep-18 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,568	9,009
Adjustments for:		
Depreciation	3,616	3,845
Loss/(gain) on disposal of property, plant and equipment	20	(245)
Impairment on inventories	343	-
Interest expense	344	119
Interest income	(543)	(142)
Unrealised loss/(gain) on foreign exchange	87	(46)
Operating profit before working capital changes	<u>13,435</u>	<u>12,540</u>
Changes in:		
Contract assets	2,163	-
Gross amount due to a customer on contract	1,576	(5,611)
Inventory properties	(402)	(6,963)
Inventories	(522)	(4,544)
Receivables	(28,603)	(12,354)
Payables	<u>6,582</u>	<u>13,873</u>
Cash used in operations	(5,771)	(3,059)
Income tax paid	(469)	(1,450)
Interest paid	<u>(344)</u>	<u>(119)</u>
Net cash used in operating activities	<u>(6,584)</u>	<u>(4,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	791	142
Proceeds from disposal of property, plant and equipment	32	494
Purchase of property, plant and equipment	(585)	(1,328)
Net cash from/(used in) investing activities	<u>238</u>	<u>(692)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in bankers' acceptance	6,205	773
Net changes in revolving credit	500	1,480
Repayment of finance lease	(427)	(155)
Repayment of term loan	(26)	-
Withdrawal of fixed deposits	1,028	-
Net cash from financing activities	<u>7,280</u>	<u>2,098</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>934</u>	<u>(3,222)</u>
<b>Effects of foreign exchange rates changes</b>	<u>(148)</u>	<u>(200)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>20,944</u>	<u>17,974</u>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u><b>21,730</b></u>	<u><b>14,552</b></u>
<b>Represented by:</b>		
Fixed deposits with licensed banks	3,971	656
Cash and bank balances	<u>17,759</u>	<u>13,896</u>
	<u><b>21,730</b></u>	<u><b>14,552</b></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>9 months ended 30.09.19 RM'000</b>	<b>9 months ended 30.09.18 RM'000</b>
<b>Segment Revenue</b>		
Manufacturing	85,224	99,603
Property development & construction	44,211	33,947
Gaming & leisure	4,008	3,840
Others	657	657
Total revenue including inter-segment sales	<u>134,100</u>	<u>138,047</u>
Elimination of inter-segment sales	<u>(657)</u>	<u>(657)</u>
Total revenue to external customers	<u><u>133,443</u></u>	<u><u>137,390</u></u>

	<b>9 months ended 30.09.19 RM'000</b>	<b>9 months ended 30.09.18 RM'000</b>
<b>Segment Results</b>		
Manufacturing	2,086	5,678
Property development & construction	7,896	3,544
Gaming & leisure	653	288
Others	(503)	(501)
Total results	<u>10,132</u>	<u>9,009</u>
Elimination	(564)	-
Profit before tax	<u>9,568</u>	<u>9,009</u>
Tax	(2,453)	(1,960)
Profit for the year	<u><u>7,115</u></u>	<u><u>7,049</u></u>
	<b>As at 30.09.19 RM'000</b>	<b>As at 30.09.18 RM'000</b>
<b>Segment Assets</b>		
Manufacturing	132,654	159,435
Property development & construction	104,319	70,038
Gaming & leisure	6,234	3,953
Others	183,753	162,811
Total assets before elimination	<u>426,960</u>	<u>396,237</u>
Elimination	(197,117)	(184,528)
Total assets	<u><u>229,843</u></u>	<u><u>211,709</u></u>
	<b>As at 30.03.19 RM'000</b>	<b>As at 30.09.18 RM'000</b>
<b>Segment Assets by Locations</b>		
Malaysia	223,609	207,756
Cambodia	6,234	3,953
Total assets	<u><u>229,843</u></u>	<u><u>211,709</u></u>
	<b>As at 30.03.19 RM'000</b>	<b>As at 30.09.18 RM'000</b>
<b>Segment Liabilities</b>		
Manufacturing	27,360	51,986
Property development & construction	50,352	64,876
Gaming & leisure	3,039	1,049
Others	11,085	10,367
Total liabilities before elimination	<u>91,836</u>	<u>128,278</u>
Elimination	(37,851)	(79,624)
Total liabilities	<u><u>53,985</u></u>	<u><u>48,654</u></u>

	<b>As at 30.09.19 RM'000</b>	<b>As at 30.09.18 RM'000</b>
<b>Segment Liabilities by Locations</b>		
Malaysia	53,333	47,895
Cambodia	652	759
Total liabilities	<u>53,985</u>	<u>48,654</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 except the following:

The Company had on 25 October 2019 announced the acquisition of 51 ordinary shares in Jade Classic Sdn Bhd ('Jade') representing the 51 % equity interest in Jade for a total purchase consideration of RM17,850,000.00.

Exzone Precision Engineering Sdn Bhd, a 100% owned subsidiary of the Company, had on the even date incorporated a 40% owned associated company named TSI Zone (Malaysia) 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:

	<b>RM'000</b>
The balance commitments payable pursuant to:	
- Tripartite Agreement	3,710
- Project Financing, Management and Construction Agreement	9,948
	<u>13,658</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) 30.09.19 RM'000</b>	<b>(Unaudited) 30.09.18 RM'000</b>	
	Revenue	51,952	
Results from operating activities	6,563	4,130	58.91
Profit before tax	6,400	4,077	56.98
Profit after tax	4,798	3,369	42.42
Profit attributable to owners of the parent	4,791	3,320	44.31

The Group recorded a revenue and profit before tax (“PBT”) of RM52.0 million and RM6.4 million respectively in current quarter under review as compared to RM51.7 million and RM4.1 million respectively in previous year corresponding quarter. The higher revenue in current quarter under review was mainly due to the successful launch of phase 4 of the project in Daerah Seberang Perai Utara. The higher sales recognition has resulted higher PBT recorded in current quarter under review.

The revenue and PBT recorded in manufacturing segment were RM26.9 million and RM1.4 million respectively in current quarter under review as compared to RM35.1 million and PBT of RM2.2 million respectively in previous year corresponding quarter. The electrical & electronic (“E&E”) products recorded lower sales as compared to previous year corresponding period mainly due to the lower demand from our E&E customers. The machining division in the manufacturing segment also recorded a lower demand from its main customer in the air-conditioning and refrigeration industry. The lower revenue recorded in current quarter under review had affected the profitability of the manufacturing segment.

The Group had recorded a revenue of RM22.6 million in current quarter under review as compared to RM15.2 million in previous year corresponding quarter in property development & construction segment. Property development & construction segment had recorded a PBT of RM5.3 million in current quarter under review as compared to RM2.0 million in previous year corresponding quarter. The successful launch of phase 4 of the project in Daerah Seberang Perai Utara had contributed to the higher recognition of the revenue and PBT.

The gaming & leisure segment recorded a revenue of RM1.4 million in both current quarter under review and previous year corresponding quarter. The PBT recorded was RM0.3 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 9 months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 30.09.19 RM'000</b>	<b>(Unaudited) 30.09.18 RM'000</b>	
Revenue	133,443	137,390	(2.87)
Results from operating activities	9,912	9,128	8.59
Profit before tax	9,568	9,009	6.20
Profit after tax	7,115	7,049	0.94
Profit attributable to owners of the parent	7,109	6,934	2.52

The Group had recorded a revenue and PBT of RM133.4 million and RM9.6 million respectively in current reporting period as compared to the revenue and PBT of RM137.4 million and RM9.0 million respectively in previous year corresponding period. The higher revenue in current reporting quarter was mainly due to the successful launch of phase 4 of the project in Daerah Seberang Perai Utara, hence, higher PBT recorded.

The revenue and PBT recorded in property development and construction segment was RM44.2 million and RM7.9 million respectively in current reporting period as compared to RM33.9 million and RM3.5 million respectively in previous year corresponding period. This was mainly due to the successful launch of phase 4 of the project in Daerah Seberang Perai Utara.

The manufacturing segment had recorded a revenue of RM85.2 million in current reporting period as compared to RM99.6 million in previous year corresponding period. The PBT recorded was RM2.1 million as compared to RM5.7 million in previous year corresponding period. This was mainly due to the lower demand from customers in electrical & electronic industry in plastic division and air-conditioning and refrigeration industry in the machining division. The lower revenue recorded in current reporting period had affected the profitability of the manufacturing segment.

The gaming and leisure segment had recorded a revenue and PBT of RM4.0 million and RM0.7 million respectively in current reporting period as compared to RM3.8 million and RM0.3 million in previous year corresponding period.

## 2. Variation of results against preceding quarter

	Individual Quarter		
	3 Months Ended		
	(Unaudited) 30.09.19 RM'000	(Unaudited) 30.06.19 RM'000	Changes %
Revenue	51,952	34,597	50.16
Results from operating activities	6,563	1,279	413.14
Profit before taxation	6,400	1,191	437.36
Profit after taxation	4,798	781	514.34
Profit attributable to owners of the parent	4,791	782	512.66

The revenue recorded in current quarter under review was RM52.0 million as compared to a revenue of RM34.6 million in previous quarter. PBT recorded was RM6.4 million in current quarter under review as compared to RM1.2 million in previous quarter. This was mainly due to the successful launch of phase 4 of the project in Daerah Seberang Perai Utara in current quarter under review. The higher sales recognition has resulted higher PBT recorded in current quarter under review.

## 3. Prospects

The global economy remains uncertain as a result of the continuous trade conflicts between United States of America (“US”) and China, a contraction in world trade could drag down the global demand even more. This has also resulted in some of the orders especially for the US market being relocated to South East Asia.

Despite the global outlook uncertainty, 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. Barring any unforeseen circumstances, the Manufacturing segment is expected to grow substantially in FYE2020 as this segment had approached a few companies in China to produce Original Equipment Manufacturer (“OEM”) products.

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 had successfully obtained the certificate of completion and compliance (“CCC”) for phase 2B of the affordable housing project in Daerah Seberang Perai Utara. The affordable housing project in Pengkalan Hulu, Perak, under

the “Built Then Sell” (“BTS”) scheme is almost completed. With the government effort to assist Malaysian to own houses, various measures had been put in place to ease the burden of obtaining bank financing.

The Company had on 25 October 2019 acquired 51% of Jade Classic Sdn Bhd to develop a piece of land in Mukim of Dengkil, Daerah Sepang, Selangor into a mixed development with estimated gross development value (“GDV”) of RM902 million and estimated project cost of RM712 million. The development profit is estimated to be RM190 million. The Group targets to launch the project in 2020 and the development is expected to take at least 10 years to complete with an extension of 4 years.

The property development and construction segment will continue to explore the opportunity in the development of the affordable housing scheme. 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. The company has also put in place the plan to establish its casino operation in Kampot Province bordering Vietnam. 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>9 months Ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:				
- Current tax	(1,602)	(708)	(2,453)	(1,960)

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 before taxation

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>9 months Ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</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):				
Bad debt recovered	-	-	(1)	-
Depreciation	1,229	1,287	3,616	3,845
Loss/(gain) on disposal of property, plant and equipment	-	31	20	(245)
Impairment loss on inventories	(2)	-	343	-
Interest expense	163	53	344	119
Interest income	(396)	(47)	(543)	(142)
Realised loss/(gain) on foreign exchange	21	(222)	212	133
Rental income	(23)	(8)	(70)	(26)
Unrealised (gain)/loss on foreign exchange	(38)	39	87	(46)

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 ("Placement"). On 8 October 2019, the Company further announced that Bursa Securities had, vide its letter dated 7 October 2019, resolved to grant the Company an extension of time of 6 months until 17 April 2020 to complete the Placement.

On 18 October 2019, the Company announced that the first tranche of the Placement has been completed following the listing of and quotation for 100,000,000 Placement Shares on the Main Market of Bursa Securities.



## 8. Borrowings and debts securities

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

### As at quarter ended 30.09.19

	Non-Current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Bankers acceptance	-	7,705	7,705
Finance lease liabilities	473	983	1,456
Overdraft	-	-	-
Revolving credit	-	2,000	2,000
Term loan	233	36	269
Total	<u>706</u>	<u>10,724</u>	<u>11,430</u>

### As at quarter ended 30.09.18

	Non-Current RM'000	Current RM'000	Total RM'000
<b>Secured</b>			
Bankers acceptance	-	773	773
Finance lease liabilities	1,197	1,480	2,677
Revolving credit	-	910	910
Finance lease liabilities	<u>1,197</u>	<u>3,163</u>	<u>4,360</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 Company had on 14 November 2019 announced that the Company had received the sealed court order on the decisions by the High Court in respect of the above suit on 1 August 2019 that following the no appearance having been entered by the First Defendant, the Court had ordered the first defendant to pay to the Plaintiff :-

- (a) the sum of RM6 million on a joint and several basis;
- (b) exemplary damages to be assessed by this Honourable Court;
- (c) interest on (a) above at 5% per annum calculated from 01.12.2016 until full realisation; and
- (d) costs on indemnity basis.

On 13 November 2019, the Court had ordered the following:-

- (a) It is hereby declared that the 2nd, 3rd and 4th defendants had breached their fiduciary duties as directors of the plaintiff.
- (b) It is hereby declared that the 5th defendant had breached his duties as stakeholder by releasing the stakeholder sums totalling RM6 million to the 1st defendant.
- (c) It is hereby ordered that the 2nd, 3rd, 4th and 5th defendants do jointly and severally pay the following sums to the plaintiff:-
  - (i) The sum of RM6 million;
  - (ii) Exemplary damages of RM200,000.00;
  - (iii) Interest on the above sums at 5% per annum calculated from 1 December 2016 until full realisation.
- (d) It is hereby ordered that the 2nd, 3rd, 4th and 5th defendants do jointly and severally pay the costs of RM100,000.00 to the plaintiff.

#### 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>9 Months Ended</b>	<b>9 Months Ended</b>
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</b>
Income attributable to owners of the parent (RM'000)	4,791	3,320	7,109	6,934

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</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)	0.24	0.17	0.36	0.35

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>9 Months Ended</b>	
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</b>
Income attributable to owners of the parent (RM'000)	4,791	3,320	7,109	6,934

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</b>
Weighted average number of issued ordinary shares each ('000)	^	1,976,035	^	1,976,035
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)	^	2,633,630	^	2,633,630
Diluted earnings per share (sen)	^	0.13	^	0.26

^ Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 30 September 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 26th day of November 2019**