



# **LUSTER INDUSTRIES BHD**

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED  
31 MARCH 2020**



**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Unaudited as at 31-Mar-20 RM'000	Audited as at 31-Dec-19 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,351	51,330
Right-of-use assets	203	264
Goodwill on consolidation	6,446	6,446
Deferred tax assets	3,332	3,332
Trade receivables	6,982	5,521
Other receivables, deposits and prepayments	2,584	2,466
	<u>70,898</u>	<u>69,359</u>
<b>Current assets</b>		
Inventory properties	37,129	37,066
Inventories	21,751	18,159
Trade receivables	68,237	54,274
Contract assets	11,544	7,134
Contract costs	822	2,798
Other receivables, deposits and prepayments	31,845	30,884
Current tax assets	966	844
Fixed deposit with licensed banks	4,815	4,789
Cash and bank balances	15,220	18,570
	<u>192,329</u>	<u>174,518</u>
<b>TOTAL ASSETS</b>	<u>263,227</u>	<u>243,877</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	207,829	207,829
Other reserves	(21,785)	(23,759)
	<u>186,044</u>	<u>184,070</u>
Non-controlling interests	291	158
<b>Total equity</b>	<u>186,335</u>	<u>184,228</u>
<b>Non-current liabilities</b>		
Borrowings	1,986	2,125
Lease liabilities	-	41
Trade payables	6,968	4,515
Deferred taxation	764	764
	<u>9,718</u>	<u>7,445</u>
<b>Current liabilities</b>		
Trade payables	29,101	29,018
Other payables and accruals	24,571	13,356
Borrowings	10,716	7,497
Lease liabilities	213	233
Contract liabilities	884	784
Current tax liabilities	1,689	1,316
	<u>67,174</u>	<u>52,204</u>
<b>Total liabilities</b>	<u>76,892</u>	<u>59,649</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>263,227</u>	<u>243,877</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 2020**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Revenue	48,214	46,894	48,214	46,894
Cost of sales	<u>(40,874)</u>	<u>(39,688)</u>	<u>(40,874)</u>	<u>(39,688)</u>
<b>Gross profit</b>	<b>7,340</b>	7,206	<b>7,340</b>	7,206
Other income	262	91	262	91
Administrative expenses	(4,451)	(4,951)	(4,451)	(4,951)
Selling and distribution expenses	<u>(231)</u>	<u>(276)</u>	<u>(231)</u>	<u>(276)</u>
<b>Results from operating activities</b>	<b>2,920</b>	2,070	<b>2,920</b>	2,070
Finance costs	<u>(151)</u>	<u>(93)</u>	<u>(151)</u>	<u>(93)</u>
<b>Profit before tax</b>	<b>2,769</b>	1,977	<b>2,769</b>	1,977
Tax expense	<u>(1,047)</u>	<u>(441)</u>	<u>(1,047)</u>	<u>(441)</u>
<b>Profit for the period</b>	<b>1,722</b>	1,536	<b>1,722</b>	1,536
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operation	<u>270</u>	<u>(56)</u>	<u>270</u>	<u>(56)</u>
<b>Total comprehensive income for the period</b>	<b>1,992</b>	1,480	<b>1,992</b>	1,480
<b>Profit attributable to:</b>				
Owners of the parent	1,718	1,536	1,718	1,536
Non-controlling interests	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
	<b>1,722</b>	1,536	<b>1,722</b>	1,536
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	1,975	1,483	1,975	1,483
Non-controlling interests	<u>17</u>	<u>(3)</u>	<u>17</u>	<u>(3)</u>
	<b>1,992</b>	1,480	<b>1,992</b>	1,480
Basic earning per ordinary share (sen)	<u>0.08</u>	<u>0.08</u>	<u>0.08</u>	<u>0.08</u>
Diluted earnings per ordinary share (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

The accompanying 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 2020**

|----- 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 2020	207,829	21	22,618	(22,618)	8,420	(32,200)	184,070	158	184,228
Total comprehensive income for the period	-	256	-	-	-	1,718	1,974	18	1,992
<i>Transactions with owners :</i>									
Issuance of shares pursuant to placement							-		-
Acquisition of interest in subsidiary							-	115	115
Total transactions with owners	-	-	-	-	-	-	-	115	115
As at 31 March 2020	<b>207,829</b>	<b>277</b>	<b>22,618</b>	<b>(22,618)</b>	<b>8,420</b>	<b>(30,482)</b>	<b>186,044</b>	<b>291</b>	<b>186,335</b>
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	201,529	708	22,618	(22,618)	8,420	(40,604)	170,053	145	170,198

The accompanying 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 2020**

	31-Mar-20 RM'000	31-Mar-19 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,769	1,977
Adjustments for:		
Accretion of interest	4	-
Depreciation	1,154	1,202
Depreciation of right-of-use assets	65	-
Gain on disposal of property, plant and equipment	-	(12)
Impairment on inventories	83	308
Interest expense	151	93
Interest income	(34)	(70)
Unrealised (gain)/loss on foreign exchange	(486)	148
Operating profit before working capital changes	<u>3,706</u>	3,646
Changes in:		
Inventory properties	(63)	(1,221)
Inventories	(3,675)	(1,524)
Receivables	(15,334)	(10,740)
Contract assets	(4,410)	2,879
Contract costs	1,976	-
Payables	13,478	5,537
Contract liabilities	100	-
Cash from operations	<u>(4,222)</u>	(1,423)
Income tax paid	(795)	(355)
Interest paid	<u>(151)</u>	(93)
Net cash used in operating activities	<u>(5,168)</u>	(1,871)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of interest in subsidiary by non-controlling interest	115	-
Interest received	34	194
Proceeds from disposal of property, plant and equipment	-	12
Purchase of property, plant and equipment	(1,169)	(64)
Net cash (used in)/from investing activities	<u>(1,020)</u>	142
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in bankers' acceptance	1,325	2,651
Net changes in revolving credit	2,000	(500)
Payment of lease liabilities	(150)	-
Repayment of finance lease liabilities	(69)	(220)
Repayment of term loan	(95)	(9)
Withdrawal of fixed deposits	-	1,028
Net cash from financing activities	<u>3,011</u>	2,950
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,177)</u>	1,221
<b>Effects of foreign exchange rates changes</b>	(147)	(107)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>22,557</u>	20,944
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u><b>19,233</b></u>	<u>22,058</u>
<b>Represented by:</b>		
Fixed deposits with licensed banks	4,013	1,919
Cash and bank balances	15,220	20,218
Bank overdraft	-	(79)
	<u><b>19,233</b></u>	<u>22,058</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 2019.

#### **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 2019, 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 2020**

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Business Combinations: Definition of a Business

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

##### **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 and of the Company upon adoption.

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

The auditors' report on the financial statements for the financial year ended 31 December 2019 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 31.03.20 RM'000</b>	<b>3 months ended 31.03.19 RM'000</b>
<b>Segment Revenue</b>		
Manufacturing	28,549	32,767
Property development & construction	18,347	12,832
Gaming & leisure	1,318	1,295
Others	151	219
Total revenue including inter-segment sales	<u>48,365</u>	<u>47,113</u>
Elimination of inter-segment sales	<u>(151)</u>	<u>(219)</u>
Total revenue to external customers	<u><b>48,214</b></u>	<u><b>46,894</b></u>

	<b>3 months ended 31.03.20 RM'000</b>	<b>3 months ended 31.03.19 RM'000</b>
<b>Segment Results</b>		
Manufacturing	(1,517)	1,084
Property development & construction	4,323	1,054
Gaming & leisure	112	178
Others	<u>(598)</u>	<u>(211)</u>
Total results	<u>2,320</u>	<u>2,105</u>
Elimination	<u>449</u>	<u>(128)</u>
Profit before tax	<u>2,769</u>	<u>1,977</u>
Tax	<u>(1,047)</u>	<u>(441)</u>
Profit for the year	<u><b>1,722</b></u>	<u><b>1,536</b></u>

	<b>As at 31.03.20 RM'000</b>	<b>As at 31.03.19 RM'000</b>
<b>Segment Assets</b>		
Manufacturing	161,932	143,183
Property development & construction	130,428	82,247
Gaming & leisure	6,521	4,097
Others	<u>198,352</u>	<u>175,764</u>
Total assets before elimination	<u>497,233</u>	<u>405,291</u>
Elimination	<u>(234,006)</u>	<u>(189,360)</u>
Total assets	<u><b>263,227</b></u>	<u><b>215,931</b></u>

<b>Segment Assets by Locations</b>		
Malaysia	256,707	211,835
Cambodia	<u>6,520</u>	<u>4,096</u>
Total assets	<u><b>263,227</b></u>	<u><b>215,931</b></u>

	<b>As at 31.03.20 RM'000</b>	<b>As at 31.03.19 RM'000</b>
<b>Segment Liabilities</b>		
Manufacturing	56,616	38,881
Property development & construction	71,050	33,463
Gaming & leisure	406	1,133
Others	15,636	2,786
Total liabilities before elimination	<u>143,708</u>	<u>76,263</u>
Elimination	<u>(66,816)</u>	<u>(30,530)</u>
Total liabilities	<u><b>76,892</b></u>	<u><b>45,733</b></u>
	<b>As at 31.03.20 RM'000</b>	<b>As at 31.03.19 RM'000</b>
<b>Segment Liabilities by Locations</b>		
Malaysia	76,485	44,886
Cambodia	407	847
Total liabilities	<u><b>76,892</b></u>	<u><b>45,733</b></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 2019.

**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	3,054
- Sale and Purchase Agreement	5,050
	<u>11,814</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) 31.03.20 RM'000</b>	<b>(Unaudited) 31.03.19 RM'000</b>	
	Revenue	48,214	
Results from operating activities	2,920	2,070	41.06
Profit before tax	2,769	1,977	40.06
Profit after tax	1,722	1,536	12.11
Profit attributable to owners of the parent	1,718	1,536	11.85

The Group recorded a revenue and profit before tax (“PBT”) of RM48.2 million and RM2.8 million respectively in current quarter under review as compared to RM46.9 million and RM2.0 million respectively in previous year corresponding quarter. An increase of 2.81% in revenue and 40.06% in PBT. The higher revenue in current quarter under review was mainly due to the continual development in Daerah Seberang Perai Utara. The higher sales recognition has resulted higher PBT recorded in current quarter under review.

The revenue and loss before tax (“LBT”) recorded in manufacturing segment were RM28.5 million and RM1.5 million respectively in current quarter under review as compared to RM32.8 million and PBT of RM1.1 million respectively in previous year corresponding quarter. The Movement Control Order implemented by the Government had halted the delivery of the finished products as per plan. Hence, lower revenue recorded in current quarter under review. The lower revenue had resulted LBT in current quarter under review. The LBT was also due to the initial overheads incurred on the manufacturing of an OEM audio product for our new China customer. The delivery of the OEM audio product had been postponed due to the lock down measures taken by China and Malaysia to restrict the outbreak of Covid-19.

The revenue recorded in property development & construction segment was RM18.3 million in current quarter under review as compared to RM12.8 million in previous year corresponding quarter. Property development & construction segment had recorded a PBT of RM4.3 million in current quarter under review as compared to RM1.1 million in previous year corresponding quarter. This was mainly due to the continual development in Daerah Seberang Perai Utara which had contributed to the higher recognition of the revenue and PBT.

The gaming & leisure segment recorded a revenue of RM1.3 million in current quarter under review and previous year corresponding quarter. The PBT recorded was RM0.1 million in current quarter under review as compared to a PBT of RM0.2 million in previous year corresponding quarter. This was mainly due to the reclassification in the accounts from tax of RM0.2 million to cost of sales in current quarter under reviewed.

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

	<b>Cumulative Quarter 3 months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 31.03.20 RM'000</b>	<b>(Unaudited) 31.03.19 RM'000</b>	
Revenue	48,214	46,894	2.81
Results from operating activities	2,920	2,070	41.06
Profit before tax	2,769	1,977	40.06
Profit after tax	1,722	1,536	12.11
Profit attributable to owners of the parent	1,718	1,536	11.85

The revenue had increased by 2.81% from RM46.9 million in previous year corresponding period to RM48.2 million in current reporting period. The PBT in current reporting period was RM2.8 million, the PBT had increased by 40.06% from RM2.0 million in previous year corresponding period. The higher revenue in current reporting quarter was mainly due to the continual development in Daerah Seberang Perai Utara, hence, higher PBT recorded.

The revenue recorded in property development and construction segment was RM18.3 million in current reporting period as compared to RM12.8 million in previous year corresponding period. This was mainly due to the continual development in Daerah Seberang Perai Utara. This had resulted the PBT increased from RM1.1 million in previous year corresponding period to RM4.3 million in current reporting period.

The manufacturing segment had recorded a revenue of RM28.5 million in current reporting period as compared to RM32.8 million in previous year corresponding period. The LBT in current reporting period was RM1.5 million as compared to PBT of RM1.1 million in previous year corresponding period. This was mainly due to the lower sales recorded as a result of the Movement Control Order. The lower revenue had resulted LBT in current quarter under review. The LBT was also due to the initial overheads incurred on the manufacturing of an OEM audio product whereby the delivery of the said OEM audio product had been postponed due to the lock down measures taken by China and Malaysia to restrict the outbreak of Covid-19.

The gaming and leisure segment had recorded a revenue of RM1.3 million in current reporting period and previous year corresponding period. The PBT in current reporting period was RM0.1 million as compared to RM0.2 million in previous year corresponding period mainly due to reclassification of tax of RM0.2 million.

## 2. Variation of results against preceding quarter

	<b>Individual Quarter 3 Months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 31.03.20 RM'000</b>	<b>(Unaudited) 31.12.19 RM'000</b>	
	Revenue	48,214	
Results from operating activities	2,920	3,386	(13.76)
Profit before taxation	2,769	3,178	(12.87)
Profit after taxation	1,722	2,214	(22.22)
Profit attributable to owners of the parent	1,718	2,201	(20.17)

The revenue recorded in current quarter under review was RM48.2 million as compared to a revenue of RM49.1 million in previous quarter. The PBT had reduced by 12.87% From RM3.2 million in previous quarter to RM2.8 million in current quarter under review.

The revenue in the manufacturing segment had increased by RM3.5 million to RM28.5 million in current quarter under review from RM25.0 million in previous quarter. The LBT recorded in current quarter under review was RM1.5 million as compared to PBT of RM1.3 million in previous quarter. This was mainly due to the initial overheads incurred on the manufacturing of an OEM audio product whereby the delivery of the said OEM audio product had been postponed due to the lock down measures taken by China and Malaysia to restrict the outbreak of Covid-19.

Property development & construction segment recorded a revenue of RM18.3 million in current quarter under review as compared to RM22.2 million in previous quarter. This was mainly due to the progress of the construction work in Daerah Seberang Perai Utara had been affected by the Movement Control Order. The PBT recorded was RM4.3 million as compared to RM3.2 million in previous quarter. This was mainly due to the variation order from a construction project in Kelantan which affected the profitability in previous quarter.

The gaming & leisure segment had recorded a revenue of RM1.3 million in current quarter under review as compared to RM1.9 million in previous quarter. The PBT recorded in current quarter under review was RM0.2 million as compared to LBT of RM0.2 million in previous quarter. This was mainly due to the reclassification in the accounts from tax of RM0.7 million to administrative expenses in previous quarter.

### 3. **Prospects**

The global growth rate might be adversely affected by the current outbreak of the Covid-19. Henceforth, the Group will take proactive measures to ensure that it will remain steadfast and to optimise the opportunities presented in any economic situations.

In regard to the trade battle between China and the US, businesses in China will be impacted due to the tariffs imposed by the US Government. The Group views this as an opportunity for the flow of production into Malaysia for export of goods to the US. The social and economic stability, as well as the good infrastructure in Malaysia, foreign investors will setup operation and manufacturing bases in Malaysia or setting up strategic partnership with Malaysian manufacturer, especially those with the intention of exporting to the US.

The Board is of the opinion that, with the investment throughout the years, the Group had position itself to be a significant player as an OEM which will in turn bring in more revenue from its customers. Investments will be made on technologies, automation and even Industrial 4.0 in order to stay competitive in the global market. The Group will continue its strategy to improve its resources to provide the value-added and soft-skilled activities especially on the product design, research and development in order to evolve itself to be an ODM player. The Group will also continue to explore the opportunities and expand its existing hygiene and healthcare products.

As for property development and construction segment, the number of property transactions in 2020 might be adversely affected by the Covid-19 pandemic. However, the impact on affordable housing is expected to be minimal with the assistance provided by the Government. Under Budget 2020, the Government has allocated budgets to address rising cost of living and affordable housing issues amongst the first timer buyer and the lower to middle income segments of the population, and this will stimulate residential sales, apart from other plans to increase the number of units of low and medium cost, affordable housing. In light of the above, the Board believes that the property development and construction segment has great potential to grow and will continue to explore the opportunities in affordable housing. Other than affordable housing, the Board will also explore other opportunities such as the development of the factories. The Board believes that this will enhance our revenue and profitability.

The gaming and leisure segment in Cambodia is expected to have an equally beneficial prospect. With the rise in disposable incomes for Cambodians, a larger proportion of Cambodians are able to participate in the lottery industry. Moreover, the current influx of tourists in Cambodia may also contribute to the flourishing of the gaming and leisure segment of the Group. However, the outbreak of Covid-19 had substantially reduced tourists in Cambodia. The Board will continue to improve sales in the gaming and leisure segment by way of increasing its sales network, more games to be introduced and a jointly operated casino operation. The Board believes that the gaming and leisure segment in Cambodia will remain resilient.

The Board continues to explore the opportunities present in the market place either locally or abroad, from within its core business or other business segments, to enhance its revenue and profitability. The Board believes that diversification would stabilize the Group's future earnings.

#### 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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 months Ended	
	(Unaudited) 31.03.20 RM'000	(Unaudited) 31.03.19 RM'000	(Unaudited) 31.03.20 RM'000	(Unaudited) 31.03.19 RM'000
Malaysian income tax: Based on results for the period:				
- Current tax	(1,047)	(441)	(1,047)	(441)

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) 31.03.20 RM'000	(Unaudited) 31.03.19 RM'000	(Unaudited) 31.03.20 RM'000	(Unaudited) 31.03.19 RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Depreciation	1,154	1,202	1,154	1,202
Gain on disposal of property, plant and equipment	-	(12)	-	(12)
Impairment loss on inventories	83	308	83	308
Interest expense	151	93	151	93
Interest income	(34)	(70)	(34)	(70)
Realised loss/(gain) on foreign exchange	114	190	114	190
Rental income	(7)	-	(7)	-
Unrealised (gain)/loss on foreign exchange	(486)	148	(486)	148



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 16 October 2019 and 10 April 2020 issued 100,000,000 and 97,603,500 new ordinary shares respectively through private placement exercises. The placement shares were issued at an issue price of RM0.063 per share on 16 October 2019 and RM0.050 per share on 10 April 2020. The total proceeds of RM6,300,000 and RM4,880,175 were received respectively. The status of the utilisation of the total proceeds from private placement exercise is as follows:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation as at 31.03.20 RM'000</b>	<b>Balance as at 31.03.2020 RM'000</b>	<b>Intended Timeframe for Utilisation</b>
Property development expenditure	2,569	2,008	561	Within 12 months
Working capital	3,633	3,633	-	Within 12 months
Expenses for the corporate exercise	98	98	-	Within 2 weeks
	6,300	5,739	561	

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 31.03.20**

	<b>Non-Current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bankers acceptance	-	7,944	7,944
Finance lease liabilities	235	383	618
Revolving credit	-	2,000	2,000
Term loan	1,751	389	2,140
<b>Total</b>	<b>1,986</b>	<b>10,716</b>	<b>12,702</b>

**As at quarter ended 31.03.19**

	<b>Non-Current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<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
Finance lease liabilities	<u>1,057</u>	<u>6,122</u>	<u>7,179</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 18 December 2019 announced that the 2nd, 3rd, 4th and 5th defendants had filed an appeal to the Court of Appeal on 9 December 2019 and 10 December 2019 respectively against the Shah Alam High Court’s decision on 13 November 2019. The Court had fixed a further case management date by way of e-review on 20 July 2020 for the appeal filed by 2nd, 3rd, 4th and 5th defendant against the Company.

**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 3 Months Ended</b>		<b>Cumulative Quarter 3 months Ended</b>	
	<b>31.03.20</b>	<b>31.03.19</b>	<b>31.03.20</b>	<b>31.03.19</b>
Income attributable to owners of the parent (RM'000)	1,718	1,536	1,718	1,536
	<hr/>			
	<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Quarter 3 months Ended</b>	
	<b>31.03.20</b>	<b>31.03.19</b>	<b>31.03.20</b>	<b>31.03.19</b>
Weighted average number of issued ordinary shares ('000)	2,076,035	1,976,035	2,076,035	1,976,035
	<hr/>			
Basic earnings per share (sen)	0.08	0.08	0.08	0.08
	<hr/>			

^ Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 31 March 2019 and 2020, 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 June 2020**