



LUSTER INDUSTRIES BHD

(156148-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

LUSTER INDUSTRIES BHD.
Company No. 156148-P
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Unaudited as at 30-Jun-21 RM'000	Audited as at 31-Dec-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	78,763	51,664
Right-of-use assets	500	238
Goodwill on consolidation	6,446	6,446
Intangible assets	1,100	-
Deferred tax assets	3,039	3,039
Trade receivables	7,627	2,724
Other receivables, deposits and prepayments	12,436	12,374
	<u>109,911</u>	<u>76,485</u>
Current assets		
Inventory properties	44,514	43,691
Inventories	24,746	18,970
Trade receivables	74,230	91,209
Contract assets	5,150	1,934
Contract costs	314	1,258
Other receivables, deposits and prepayments	24,335	19,381
Current tax assets	515	740
Fixed deposit with licensed banks	5,998	24,922
Cash and bank balances	120,396	76,247
	<u>300,198</u>	<u>278,352</u>
	<u>410,109</u>	<u>354,837</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	299,305	299,299
Other reserves	(14,723)	(17,888)
	<u>284,582</u>	<u>281,411</u>
Non-controlling interests	4,527	1,084
Total equity	<u>289,109</u>	<u>282,495</u>
Non-current liabilities		
Borrowings	5,765	1,837
Lease liabilities	333	83
Trade payables	6,334	2,262
Deferred taxation	1,239	1,239
	<u>13,671</u>	<u>5,421</u>
Current liabilities		
Trade payables	23,491	38,517
Other payables and accruals	65,542	15,168
Borrowings	14,412	11,554
Lease liabilities	210	166
Contract liabilities	2,399	1,177
Current tax liabilities	1,275	339
	<u>107,329</u>	<u>66,921</u>
Total liabilities	<u>121,000</u>	<u>72,342</u>
	<u>410,109</u>	<u>354,837</u>
TOTAL EQUITY AND LIABILITIES		
Net assets per share (RM)	0.10	0.10

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 6 MONTHS PERIOD ENDED 30 JUNE 2021

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	30-Jun-21 RM'000	30-Jun-20 RM'000	30-Jun-21 RM'000	30-Jun-20 RM'000
Revenue	30,255	35,432	74,166	83,646
Cost of sales	<u>(24,009)</u>	<u>(31,290)</u>	<u>(60,350)</u>	<u>(72,164)</u>
Gross profit	6,246	4,142	13,816	11,482
Other income	401	554	991	816
Administrative expenses	(3,760)	(3,541)	(7,569)	(7,992)
Selling and distribution expenses	<u>(331)</u>	<u>(155)</u>	<u>(608)</u>	<u>(386)</u>
Results from operating activities	2,556	1,000	6,630	3,920
Finance costs	<u>(208)</u>	<u>(249)</u>	<u>(366)</u>	<u>(400)</u>
Profit before tax	2,348	751	6,264	3,520
Tax expense	<u>(1,526)</u>	<u>(519)</u>	<u>(2,543)</u>	<u>(1,566)</u>
Profit for the period	822	232	3,721	1,954
Other comprehensive income:				
Foreign currency translation differences for foreign operation	<u>9</u>	<u>(33)</u>	<u>148</u>	<u>237</u>
Total comprehensive income for the period	831	199	3,869	2,191
Profit attributable to:				
Owners of the parent	587	233	3,025	1,951
Non-controlling interests	<u>235</u>	<u>(1)</u>	<u>696</u>	<u>3</u>
	822	232	3,721	1,954
Total comprehensive income attributable to:				
Owners of the parent	596	182	3,166	2,174
Non-controlling interests	<u>235</u>	<u>17</u>	<u>703</u>	<u>17</u>
	831	199	3,869	2,191
Basic earning per ordinary share (sen)	<u>0.02</u>	<u>0.01</u>	<u>0.10</u>	<u>0.09</u>
Diluted earnings per ordinary share (sen)	<u>0.02</u>	<u>0.01</u>	<u>0.09</u>	<u>0.07</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 6 MONTHS PERIOD ENDED 30 JUNE 2021

	----- Attributable to owners of the parent -----							Non-controlling interests	Total equity	
	Foreign currency translation reserve		Warrant reserve		Discount on shares		Capital reserve			Accumulated losses
	Share capital	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	299,299	(72)	22,618	(22,618)	8,420	(26,236)	281,411	1,084	282,495	
Total comprehensive income for the period	-	140	-	-	-	3,025	3,165	703	3,868	
<i>Transactions with owners :</i>										
Issuance of shares pursuant to exercise of warrants	6						6		6	
Acquisition of interest in subsidiary							-	2,740	2,740	
Total transactions with owners	6	-	-	-	-	-	6	2,740	2,746	
As at 30 June 2021	299,305	68	22,618	(22,618)	8,420	(23,211)	284,582	4,527	289,109	
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	-	226	-	-	-	1,951	2,177	15	2,192	
<i>Transactions with owners :</i>										
Issuance of shares pursuant to placement	4,880						4,880		4,880	
Acquisition of interest in subsidiary							-	115	115	
Total transactions with owners	4,880	-	-	-	-	-	4,880	115	4,995	
As at 30 June 2020	212,709	247	22,618	(22,618)	8,420	(30,249)	191,127	288	191,415	

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 6 MONTHS PERIOD ENDED 30 JUNE 2021

	30-Jun-21 RM'000	30-Jun-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,264	3,520
Adjustments for:		
Accretion of interest	92	9
Depreciation	2,115	2,323
Depreciation of right-of-use assets	158	127
Gain on disposal of property, plant and equipment	(6)	-
Impairment on inventories	14	35
Interest expense	366	401
Interest income	(479)	(104)
Unrealised (gain)/loss on foreign exchange	(248)	248
Operating profit before working capital changes	<u>8,276</u>	<u>6,559</u>
Changes in:		
Inventory properties	(823)	(178)
Inventories	(5,790)	(2,887)
Receivables	7,599	(16,339)
Contract assets	(3,216)	(2,000)
Contract costs	944	2,790
Payables	38,946	7,170
Contract liabilities	1,222	735
Cash from operations	<u>47,158</u>	<u>(4,150)</u>
Income tax paid	(1,382)	(1,288)
Interest paid	(366)	(401)
Net cash used in operating activities	<u>45,410</u>	<u>(5,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interest in subsidiary by non-controlling interest	1,640	115
Acquisition of Right of use	(415)	(80)
Interest received	479	104
Proceeds from disposal of property, plant and equipment	6	-
Purchase of property, plant and equipment	(28,895)	(1,984)
Net cash used in investing activities	<u>(27,185)</u>	<u>(1,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in bankers' acceptance	3,769	3,266
Net changes in revolving credit	(2,000)	2,000
Net changes in term loan	4,776	(192)
Net changes in lease liabilities	200	(258)
Net changes in finance lease liabilities	(90)	(46)
Proceed from issuance of shares pursuant to placement	-	4,880
Proceed from issuance of shares pursuant to exercise of warrants	6	-
Net cash from financing activities	<u>6,661</u>	<u>9,651</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>24,886</u>	<u>1,967</u>
Effects of foreign exchange rates changes	339	(196)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>100,636</u>	<u>22,557</u>
CASH AND CASH EQUIVALENTS AT END	<u>125,861</u>	<u>24,328</u>
Represented by:		
Fixed deposits with licensed banks	5,465	4,075
Cash and bank balances	120,396	20,253
	<u>125,861</u>	<u>24,328</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 2020.

2. Significant accounting policies

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments to MFRSs that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Effective for annual period beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

Effective for annual period beginning on or after 1 April 2021

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for annual period beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual period beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

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 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.

3. Auditors' qualification of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not qualified.

4. Seasonality or cyclical factors

The operations of the Group are subjected to seasonal orders throughout the financial year.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial period to date results.

7. Changes in debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review and financial year to date.

8. Dividend paid

No dividend was paid during the current quarter under review.

9. Segmental information

Segmental information is presented in respect of the Group's business segments.

	6 months ended 30.06.21 RM'000	6 months ended 30.06.20 RM'000
Segment Revenue		
Manufacturing	57,062	51,192
Property development & construction	10,878	30,009
Gaming & leisure	2,215	2,445
Glove & healthcare	4,011	-
Others	135	241
Total revenue including inter-segment sales	<u>74,301</u>	<u>83,887</u>
Elimination of inter-segment sales	(135)	(241)
Total revenue to external customers	<u><u>74,166</u></u>	<u><u>83,646</u></u>
Segment Results		
Manufacturing	290	(2,271)
Property development & construction	2,794	6,425
Gaming & leisure	95	93
Glove & healthcare	3,274	-
Others	(234)	(665)
Total results	<u>6,219</u>	<u>3,582</u>
Elimination	45	(62)
Profit before tax	<u>6,264</u>	<u>3,520</u>
Tax	(2,543)	(1,566)
Profit for the period	<u><u>3,721</u></u>	<u><u>1,954</u></u>
	As at 30.06.21 RM'000	As at 30.06.20 RM'000
Segment Assets		
Manufacturing	167,033	154,620
Property development & construction	139,728	133,758
Gaming & leisure	6,799	6,576
Glove & healthcare	94,780	-
Others	311,570	201,762
Total assets before elimination	<u>719,910</u>	<u>496,716</u>
Elimination	(309,801)	(232,342)
Total assets	<u><u>410,109</u></u>	<u><u>264,374</u></u>
Segment Assets by Locations		
Malaysia	403,310	257,798
Cambodia	6,799	6,576
Total assets	<u><u>410,109</u></u>	<u><u>264,374</u></u>

	As at 30.06.21 RM'000	As at 30.06.20 RM'000
Segment Liabilities		
Manufacturing	73,420	50,057
Property development & construction	74,172	72,799
Gaming & leisure	749	513
Glove & healthcare	89,730	-
Others	18,940	14,232
Total liabilities before elimination	<u>257,011</u>	<u>137,601</u>
Elimination	<u>(136,011)</u>	<u>(64,642)</u>
Total liabilities	<u>121,000</u>	<u>72,959</u>
Segment Liabilities by Locations		
Malaysia	120,251	72,446
Cambodia	749	513
Total liabilities	<u>121,000</u>	<u>72,959</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 2020.

11. Material subsequent events

There were no material events subsequent to the quarter under review.

12. Changes in Group's composition

There were no changes in the composition of the Group for the current quarter under review.

13. Changes in contingent liabilities and contingent assets

There were no material contingent liabilities and assets as at the date of this Report.

14. Commitments

There were no material commitments as at the end of the current quarter except the following:

	RM'000
The balance commitments payable pursuant to:	
- Tripartite Agreement	3,710
- Project Financing, Management and Construction Agreement	<u>1,754</u>
	<u>5,464</u>

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

1. Review of performance

Comparison with Corresponding Quarter in Previous Year

	Individual Quarter 3 Months Ended		
	(Unaudited) 30.06.21 RM'000	(Unaudited) 30.06.20 RM'000	Changes %
Revenue	30,255	35,432	(14.61)
Results from operating activities	2,556	1,000	155.60
Profit before tax (“PBT”)	2,348	751	212.65
Profit after tax	822	232	254.31
Profit attributable to owners of the parent	587	233	151.93

The revenue and PBT recorded by the Group were RM30.3 million and RM2.3 million respectively in current quarter under review as compared to RM35.4 million and RM0.8 million respectively in previous year corresponding quarter.

The lower revenue recorded by the Group was mainly attributed by the lower revenue recorded in the property development & construction segment which was RM3.9 million in current quarter under review as compared to RM11.7 million in previous year corresponding quarter. This was mainly due to lower billing towards the completion stage of the on-going housing project in Daerah Seberang Perai Utara. The PBT recorded for the property development and construction segment was RM1.2 million in current quarter under review as compared to RM2.1 million in previous year corresponding quarter due to the lower sales recognised.

The revenue recorded in manufacturing segment was RM23.3 million in current quarter under review as compared to RM22.6 million in previous year corresponding quarter. This was mainly due to the increase in sales of the audio and visual parts in current quarter under review. The manufacturing segment recorded a loss of RM0.1 million in the current quarter under review as compared to loss of RM0.8 million in the previous year corresponding quarter mainly due to higher revenue recorded and the cost control measures implemented.

The Group continued the activity in trading of gloves before the start of the glove manufacturing. The revenue and PBT recorded was RM2.0 million and the RM1.3 million respectively.

The gaming & leisure segment recorded a revenue of RM1.1 million in both current quarter under review and in previous year corresponding quarter. The gaming & leisure

segment had recorded a PBT of RM41 thousand in current quarter under review as compared to a loss of RM19 thousand in previous year corresponding quarter.

Comparison with Corresponding Financial Period To Date in Previous Year

	Cumulative Quarter 6 months Ended		Changes %
	(Unaudited) 30.06.21 RM'000	(Unaudited) 30.06.20 RM'000	
Revenue	74,166	83,646	(11.33)
Results from operating activities	6,630	3,920	69.13
Profit before tax (“PBT”)	6,264	3,520	77.95
Profit after tax	3,721	1,954	90.43
Profit attributable to owners of the parent	3,025	1,951	55.05

The revenue recorded was RM74.2 million in current reporting period as compared to RM83.6 million in previous year corresponding period. The PBT in current reporting period was RM6.3 million as compared to RM3.5 million in previous year corresponding period.

The revenue in manufacturing segment had increased by RM5.9 million from RM51.2 million in previous year corresponding period to RM57.1 million in current reporting period. This was mainly due to the increase in sales of the OEM audio products and increase of sales in machining division in current reporting period. The PBT recorded in current period under review was RM0.3 million as compared to loss of RM2.3 million in previous year corresponding period. This was mainly due to the recovery of export sales. The losses in previous year corresponding quarter were mainly due to the global outbreak of the pandemic which resulted in the delay in the shipment of customers’ orders.

The Group had started the trading of gloves in current reporting period. The revenue and PBT recorded was RM4.0 million and the RM3.3 million respectively.

The revenue and PBT recorded in property development and construction segment was RM10.9 million and RM2.8 million respectively in current reporting period as compared to RM30.0 million and RM6.4 million respectively in previous year corresponding period. This was mainly due to lower billing towards the completion stage of the on-going housing project in Daerah Seberang Perai Utara.

The gaming and leisure segment had recorded a revenue of RM2.2 million in current reporting period as compared to RM2.4 million previous year corresponding period. The PBT in both current period and previous year corresponding period was RM0.1 million.

2. Variation of results against preceding quarter

	Individual Quarter 3 Months Ended		
	(Unaudited)	(Unaudited)	Changes %
	30.06.21 RM'000	31.03.21 RM'000	
Revenue	30,255	43,911	(31.10)
Results from operating activities	2,556	4,074	(37.26)
Profit before tax (“PBT”)	2,348	3,916	(40.04)
Profit after taxation	822	2,899	(71.65)
Profit attributable to owners of the parent	587	2,438	(75.92)

The revenue recorded in current quarter under review was RM30.3 million as compared to a revenue of RM43.9 million in previous quarter. The PBT was RM2.3 million in current quarter under review as compared to RM3.9 million in previous quarter.

The revenue recorded in the manufacturing segment was RM23.3 million in current quarter under review as compared to RM33.8 million in previous quarter mainly due to the implementation of the National Recovery Plan whereby the operations were restricted to 60%. The manufacturing segment recorded a loss of RM0.1 million in current quarter under review as compared to a PBT of RM0.4 million in previous quarter. This was mainly due to lower sales generated in current quarter under review. However, the impact to the profitability of the manufacturing segment had been minimised through the implementation of cost control measures.

The glove and healthcare segment recorded revenue and PBT recorded of RM2.0 million and RM1.3 million respectively in current quarter as compared RM2.0 million and the RM1.9 million respectively in previous quarter.

Property development & construction segment recorded a revenue and PBT of RM3.9 million and RM1.2 million respectively in current quarter under review as compared to RM7.0 million and RM1.6 million respectively in previous quarter. The lower revenue recorded in current quarter under review was mainly due to the on-going housing project in Daerah Seberang Perai Utara has lower billing towards its completion stage. This has resulted a lower PBT recorded in current quarter.

The gaming & leisure segment had recorded a revenue of RM1.1 million in current quarter under review as compared to RM1.2 million in previous quarter. The PBT was RM41 thousand in current quarter under review as compared to RM54 thousand in previous quarter.

3. Prospects

The COVID-19 pandemic has negatively affected global economic growth; however, the pandemic has indeed brought prevalence to certain industries especially the

healthcare product. The Group will remain prudent in all its operations and looking for new business opportunities to adapt in the change of big market and maintain its competitiveness.

During this Covid-19 pandemic, the manufacturing segment will continue to further improve on productivity and cost structure in order to better position itself in the current competitive and uncertain market situation. All the projects that we have embarked on will be on-going.

As for the glove manufacturing, barring any unforeseen circumstances, the production is expected to start at the end of Q4'2021. The Group had started the marketing activities for the gloves.

The Group had on 3 June 2021 received deposit payment for the 6 Double Former Glove Dipping Lines and the contract for the provision of Engineering, Procurement, Construction and Commissioning (“EPCC”) and Glove Technology Solution Consulting in relation to gloves production line has therefore commenced.

With the home ownership assistance provided by the Government, the Board believes that there is potential to grow the property development and construction segment and will focus in developing affordable pocket housing development.

Given the current situation, the Board will remain its current position in the gaming & leisure segment.

With the current outbreak of the Covid-19 which may affect the financial performance of the existing business of the Group, the diversification into the gloves manufacturing and the EPCC project in USA may contribute positively to the bottom line of the Group. The Board is optimistic and strongly believe that, with the strategies put in place and the competence and commitment of its human capital, the Group will be able to strengthen and grow its financial performance.

4. **Variance of profit forecast or profit guarantee**

No profit forecast or profit guarantee was issued.

5. **Taxation**

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.21	30.06.20	30.06.21	30.06.20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax: Based on results for the period:				
- Current tax	(761)	(519)	(1,778)	(1,566)

Individual Quarter		Cumulative Quarter	
3 Months Ended		6 months Ended	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
30.06.21	30.06.20	30.06.21	30.06.20
RM'000	RM'000	RM'000	RM'000

Under provision in
prior year:

- Current tax	(765)	-	(765)	-
	<u>(1,526)</u>	<u>(519)</u>	<u>(2,543)</u>	<u>(1,566)</u>

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		Cumulative Quarter	
	3 Months Ended		6 months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.21	30.06.20	30.06.21	30.06.20
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Depreciation	1,056	1,169	2,115	2,323
Depreciation of right-of-use assets	79	65	158	127
Impairment loss on inventories	(9)	(48)	14	35
Interest expense	208	249	366	401
Interest income	(173)	(70)	(479)	(104)
Gain on disposal of property, plant and equipment	-	-	(6)	-
Realised (gain)/loss on foreign exchange	(70)	(694)	60	(580)
Rental income	(10)	(6)	(19)	(26)
Unrealised loss/(gain) on foreign exchange	93	734	(248)	248

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:

- On 13 October 2020, the Company had issued 237,124,202 new ordinary shares through private placement exercise. The placement shares were issued at an issue price of RM0.111 per share. The total proceeds of RM26,320,786.42 was received.

The status of the utilisation of the total proceeds from private placement exercise is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation as at 30.06.21 RM'000	Balance as at 30.06.21 RM'000	Intended Timeframe for Utilisation
General working capital	26,278	20,465	5,813	Within 12 months
Expenses for the corporate exercise	43	43	-	Within 2 weeks
	26,321	20,508	5,813	

- ii. On 29 December 2020, the Company had issued 482,150,000 new ordinary shares through private placement exercise. The placement shares were issued at an issue price of RM0.125 per share. The total proceeds of RM60,268,750.00 was received. The status of the utilisation of the total proceeds from private placement exercise is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation as at 30.06.21 RM'000	Balance as at 30.06.21 RM'000	Intended Timeframe for Utilisation
Investment in glove business	50,000	28,193	21,807	Within 12 months
General working capital	10,105	9,888	217	Within 12 months
Expenses for the corporate exercise	164	164	-	Within 2 weeks
	60,269	38,245	22,024	

8. Borrowings and debts securities

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

	As at quarter ended 30.06.21		
	Non-Current RM'000	Current RM'000	Total RM'000
Secured			
Bankers acceptance	-	12,718	12,718
Finance lease liabilities	202	342	544
Term loan	5,563	1,352	6,915
Total	5,765	14,412	20,177

	As at quarter ended 30.06.20		
	Non-Current RM'000	Current RM'000	Total RM'000
Secured			
Bankers acceptance	-	9,885	9,885
Finance lease liabilities	235	276	511
Revolving credit	-	2,000	2,000
Term loan	1,646	396	2,042
Total	1,881	12,557	14,438

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 of Appeal fixed the motion to amend the notice of appeal and the motion to amend the memorandum of appeal on 22 October 2021.

10. **Proposed dividend**

No dividend was proposed for the current quarter under review.

11. **Earnings per share**

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

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 months Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
Income attributable to owners of the parent (RM'000)	587	233	3,025	1,951

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 months Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
Adjusted number of issued ordinary shares ('000)	2,892,913	2,076,035	2,892,913	2,076,035
Effect of shares issued pursuant to exercise of warrants ('000)	37	-	37	-
Effect of shares issued pursuant to private placement ('000)	-	97,604	-	97,604
Weighted average number of issued ordinary shares ('000)	<u>2,892,950</u>	<u>2,173,639</u>	<u>2,892,950</u>	<u>2,173,639</u>
Basic earnings per share (sen)	<u>0.02</u>	<u>0.01</u>	<u>0.10</u>	<u>0.09</u>

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

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 months Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
Profit attributable to owners of the parent (RM'000)	<u>587</u>	<u>233</u>	<u>3,025</u>	<u>1,951</u>
Weighted average number of issued ordinary shares ('000)	2,892,950	2,119,474	2,892,950	2,119,474
Adjustments for dilutive effect on exercise of:				
- Warrants A ('000)	441,036	441,595	441,036	441,595
- Warrants B ('000)	216,000	216,000	216,000	216,000
Adjusted weighted average number of issued ordinary shares ('000)	<u>3,549,986</u>	<u>2,777,069</u>	<u>3,549,986</u>	<u>2,777,069</u>
Diluted earnings per share (sen)	<u>0.02</u>	<u>0.01</u>	<u>0.09</u>	<u>0.07</u>

BY ORDER OF THE BOARD

Liang Wooi Gee

Deputy Managing Director

Dated this 26th day of August 2021