



# **LUSTER INDUSTRIES BHD**

(156148-P)

(Incorporated in Malaysia)

## **INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**



**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Unaudited as at 31-Dec-21 RM'000	Audited as at 31-Dec-20 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	105,092	51,664
Right-of-use assets	1,444	238
Goodwill on consolidation	6,446	6,446
Intangible assets	-	-
Deferred tax assets	1,986	3,039
Trade receivables	2,779	2,724
Other receivables, deposits and prepayments	12,776	12,374
	<u>130,523</u>	<u>76,485</u>
<b>Current assets</b>		
Inventory properties	126,228	43,691
Inventories	26,008	18,970
Trade receivables	98,782	91,209
Contract assets	2,342	1,934
Contract costs	33,573	1,258
Other receivables, deposits and prepayments	33,317	19,381
Current tax assets	295	740
Fixed deposit with licensed banks	1,844	24,922
Cash and bank balances	57,809	76,247
	<u>380,198</u>	<u>278,352</u>
<b>TOTAL ASSETS</b>	<b><u>510,721</u></b>	<b><u>354,837</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	299,305	299,299
Other reserves	(9,254)	(17,888)
	<u>290,051</u>	<u>281,411</u>
Non-controlling interests	4,083	1,084
<b>Total equity</b>	<b><u>294,134</u></b>	<b><u>282,495</u></b>
<b>Non-current liabilities</b>		
Borrowings	8,418	1,837
Lease liabilities	876	83
Trade payables	2,269	2,262
Other payables and accruals	76,015	-
Deferred taxation	625	1,239
	<u>88,203</u>	<u>5,421</u>
<b>Current liabilities</b>		
Trade payables	37,513	38,517
Other payables and accruals	20,794	15,168
Borrowings	12,141	11,554
Lease liabilities	594	166
Contract liabilities	55,129	1,177
Current tax liabilities	2,213	339
	<u>128,384</u>	<u>66,921</u>
<b>Total liabilities</b>	<b><u>216,587</u></b>	<b><u>72,342</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>510,721</u></b>	<b><u>354,837</u></b>
<b>Net assets per share (RM)</b>	<b>0.10</b>	<b>0.10</b>

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 COMPREHENSIVE INCOME**  
**FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Revenue	49,123	48,197	158,333	183,471
Cost of sales	<u>(39,940)</u>	<u>(41,934)</u>	<u>(129,524)</u>	<u>(157,608)</u>
<b>Gross profit</b>	<b>9,183</b>	6,263	<b>28,809</b>	25,863
Other income	535	1,251	2,290	2,157
Administrative expenses	(4,532)	(4,990)	(15,457)	(17,127)
Selling and distribution expenses	<u>(351)</u>	<u>(349)</u>	<u>(1,268)</u>	<u>(1,045)</u>
<b>Results from operating activities</b>	<b>4,835</b>	2,175	<b>14,374</b>	9,848
Finance costs	<u>(267)</u>	<u>(207)</u>	<u>(816)</u>	<u>(835)</u>
<b>Profit before tax</b>	<b>4,568</b>	1,968	<b>13,558</b>	9,013
Tax expense	<u>(1,748)</u>	<u>(819)</u>	<u>(4,833)</u>	<u>(3,126)</u>
<b>Profit for the period</b>	<b>2,820</b>	1,149	<b>8,725</b>	5,887
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operation	<u>(33)</u>	<u>(157)</u>	<u>167</u>	<u>(97)</u>
<b>Total comprehensive income for the period</b>	<b>2,787</b>	992	<b>8,892</b>	5,790
<b>Profit attributable to:</b>				
Owners of the parent	3,665	1,229	8,475	5,962
Non-controlling interests	<u>(845)</u>	<u>(80)</u>	<u>250</u>	<u>(75)</u>
	<b>2,820</b>	1,149	<b>8,725</b>	5,887
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	3,634	1,080	8,634	5,870
Non-controlling interests	<u>(847)</u>	<u>(88)</u>	<u>258</u>	<u>(80)</u>
	<b>2,787</b>	992	<b>8,892</b>	5,790
Basic earning per ordinary share (sen)	<u>0.13</u>	<u>0.06</u>	<u>0.29</u>	<u>0.27</u>
Diluted earnings per ordinary share (sen)	<u>0.10</u>	<u>0.04</u>	<u>0.24</u>	<u>0.21</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 12 MONTHS PERIOD ENDED 31 DECEMBER 2021**

	----- 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 2021	299,299	(72)	22,618	(22,618)	8,420	(26,236)	281,411	1,084	282,495
Total comprehensive income for the period	-	159	-	-	-	8,475	8,634	258	8,892
<i>Transactions with owners :</i>									
Issuance of shares pursuant to exercise of warrants	6						6		6
Acquisition of interest in subsidiary							-	2,741	2,741
Total transactions with owners	6	-	-	-	-	-	6	2,741	2,747
As at 31 December 2021	<b>299,305</b>	<b>87</b>	<b>22,618</b>	<b>(22,618)</b>	<b>8,420</b>	<b>(17,761)</b>	<b>290,051</b>	<b>4,083</b>	<b>294,134</b>
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	-	(93)	-	-	-	5,962	5,869	(79)	5,790
<i>Transactions with owners :</i>									
Issuance of shares pursuant to placement	91,470						91,470		91,470
Acquisition of interest in subsidiary							-	1,005	1,005
Total transactions with owners	91,470	-	-	-	-	-	91,470	1,005	92,475
As at 31 December 2020	299,299	(72)	22,618	(22,618)	8,420	(26,238)	281,409	1,084	282,493

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 12 MONTHS PERIOD ENDED 31 DECEMBER 2021**

	31-Dec-21 RM'000	31-Dec-20 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,558	9,013
Adjustments for:		
Accretion of interest	212	159
Depreciation	4,654	4,458
Depreciation of right-of-use assets	697	284
Gain on disposal of property, plant and equipment	(6)	(76)
Impairment on inventories	478	3
Interest expense	816	835
Interest income	(937)	(422)
Unrealised (gain)/ loss on foreign exchange	(470)	198
(Reversal)/ provision for unwinding of discounts	(333)	1,097
Operating profit before working capital changes	<u>18,669</u>	15,549
Changes in:		
Inventory properties	(82,537)	(6,625)
Inventories	(7,516)	(814)
Receivables	(21,245)	(34,629)
Contract assets	(408)	5,200
Contract costs	(32,315)	1,540
Payables	80,430	9,984
Contract liabilities	53,952	392
Cash used in operations	<u>9,030</u>	(9,403)
Income tax paid	(2,075)	(3,231)
Interest paid	(816)	(835)
Net cash generated from/ (used in) operating activities	<u>6,139</u>	(13,469)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of interest in subsidiary by non-controlling interest	2,741	1,005
Acquisition of Right of use	(1,897)	(96)
Interest received	937	422
Proceeds from disposal of property, plant and equipment	1,284	75
Purchase of property, plant and equipment	(59,041)	(4,792)
Net cash used in investing activities	<u>(55,976)</u>	(3,386)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in bankers' acceptance	1,668	2,314
Net changes in revolving credit	(2,000)	2,000
Net changes in term loan	7,419	(95)
Net changes in lease liabilities	1,008	(349)
Net changes in finance lease liabilities	(260)	(444)
Placement of fixed deposits	-	(16)
Proceed from issuance of shares pursuant to placement	-	91,470
Proceed from issuance of shares pursuant to exercise of warrants	6	-
Net cash generated from financing activities	<u>7,841</u>	94,880
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(41,996)</u>	78,025
<b>Effects of foreign exchange rates changes</b>	480	(231)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>100,636</u>	22,557
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u>59,120</u>	100,351
<b>Represented by:</b>		
Fixed deposits with licensed banks	1,311	24,104
Cash and bank balances	57,809	76,247
	<u>59,120</u>	100,351

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.

	<b>12 Months ended 31.12.21 RM'000</b>	<b>12 Months ended 31.12.20 RM'000</b>
<b>Segment Revenue</b>		
Manufacturing	128,342	126,324
Property development & construction	19,069	52,340
Gaming & leisure	4,372	4,807
Glove & healthcare	6,550	-
Others	-	331
Total revenue including inter-segment sales	<u>158,333</u>	<u>183,802</u>
Elimination of inter-segment sales	-	(331)
Total revenue to external customers	<u><b>158,333</b></u>	<u><b>183,471</b></u>
<b>Segment Results</b>		
Manufacturing	3,286	950
Property development & construction	6,256	9,605
Gaming & leisure	245	173
Glove & healthcare	5,259	-
Others	(1,488)	766
Total results	<u>13,558</u>	<u>11,494</u>
Elimination	-	(2,481)
Profit before tax	<u>13,558</u>	<u>9,013</u>
Tax	(4,833)	(3,126)
Profit for the period	<u><b>8,725</b></u>	<u><b>5,887</b></u>
	<b>As at 31.12.21 RM'000</b>	<b>As at 31.12.20 RM'000</b>
<b>Segment Assets</b>		
Manufacturing	147,489	142,810
Property development & construction	224,144	139,027
Gaming & leisure	6,916	6,229
Glove & healthcare	124,536	-
Others	308,082	319,227
Total assets before elimination	<u>811,167</u>	<u>607,293</u>
Elimination	(300,446)	(251,867)
Total assets	<u><b>510,721</b></u>	<u><b>355,426</b></u>
<b>Segment Assets by Locations</b>		
Malaysia	503,805	349,197
Cambodia	6,916	6,229
Total assets	<u><b>510,721</b></u>	<u><b>355,426</b></u>

	<b>As at 31.12.21 RM'000</b>	<b>As at 31.12.20 RM'000</b>
<b>Segment Liabilities</b>		
Manufacturing	37,747	54,049
Property development & construction	149,536	74,793
Gaming & leisure	697	421
Glove & healthcare	119,323	-
Others	1,414	26,808
Total liabilities before elimination	<u>308,717</u>	<u>156,071</u>
Elimination	<u>(92,130)</u>	<u>(83,138)</u>
Total liabilities	<u><b>216,587</b></u>	<u><b>72,933</b></u>
<b>Segment Liabilities by Locations</b>		
Malaysia	215,890	72,512
Cambodia	697	421
Total liabilities	<u><b>216,587</b></u>	<u><b>72,933</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 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 except the following:

The Company had incorporated Luster Ara Sdn Bhd, a 50.1% owned subsidiary, on 13 December 2021 and Luster Trading Sdn Bhd, a 100% owned subsidiary, on 24 December 2021 respectively.

**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	<u>3,710</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) 31.12.21 RM'000</b>	<b>(Unaudited) 31.12.20 RM'000</b>	
	Revenue	49,123	
Results from operating activities	4,835	3,272	47.77
Profit before tax (“PBT”)	4,568	1,968	132.11
Profit after tax	2,820	1,149	145.43
Profit attributable to owners of the parent	3,665	1,229	198.21

The revenue and PBT recorded by the Group were RM49.1 million and RM4.6 million respectively in current quarter under review as compared to RM48.2 million and RM2.0 million respectively in previous year corresponding quarter.

The property development & construction segment recorded a revenue of RM4.7 million in current quarter under review as compared to RM8.7 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 in this segment was RM2.2 million in current quarter under review as compared to RM0.2 million in previous year corresponding quarter mainly due to the provision of unwinding discount of RM1.1 million in previous year. There is a reversal of the unwinding discount provided in previous year of RM0.3 million in current quarter under review.

The revenue recorded in manufacturing segment was RM42.3 million in current quarter under review as compared to RM38.4 million in previous year corresponding quarter. The higher revenue recorded was mainly due to the higher sales to the customers in the hygiene and pest control industry. The manufacturing segment recorded a PBT of RM2.7 million in the current quarter under review as compared to PBT of RM2.3 million in the previous year corresponding quarter mainly due to higher revenue recorded.

The Group continued the activity in trading of gloves before the start of the glove manufacturing. The revenue recorded was RM1.0 million. The PBT for the current quarter under review was RM0.9 million.

The gaming & leisure segment recorded a revenue of RM1.1 million in both current quarter and previous year corresponding quarter. The PBT recorded was RM0.1 million in current quarter under review as compared to a loss of RM0.6 thousand in previous year corresponding quarter.

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

	<b>Cumulative Quarter 12 Months Ended</b>		<b>Changes %</b>
	<b>(Unaudited) 31.12.21 RM'000</b>	<b>(Unaudited) 31.12.20 RM'000</b>	
Revenue	158,333	183,471	(13.70)
Results from operating activities	14,374	10,945	31.33
Profit before tax (“PBT”)	13,558	9,013	50.43
Profit after tax	8,725	5,887	48.21
Profit attributable to owners of the parent	8,475	5,962	42.15

The revenue recorded was RM158.3 million in current reporting period as compared to RM183.5 million in previous year corresponding period. The PBT in current reporting period was RM13.6 million as compared to RM9.0 million in previous year corresponding period.

The revenue in manufacturing segment was RM128.3 million in current reporting period as compared to RM126.3 million in previous year corresponding period. This was mainly due to the higher sales to the customers in the hygiene and pest control industry. The PBT recorded in current period under review was RM3.3 million as compared to RM1.0 million in previous year corresponding period. The lower profit recorded in previous year corresponding quarter was mainly due to the global outbreak of the pandemic which resulted in the delay in the shipment of customers’ orders. The higher sales of hygiene and pest control products which yield a better margin has resulted higher PBT recorded in current reporting period.

The Group had started the trading of gloves in current reporting period. The revenue and PBT recorded was RM6.6 million and the RM5.3 million respectively.

The revenue and PBT recorded in property development and construction segment was RM19.1 million and RM6.3 million respectively in current reporting period as compared to RM52.3 million and RM9.6 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 RM4.4 million in current reporting period as compared to RM4.8 million in previous year corresponding period. The PBT in both current period and previous year corresponding period was RM0.2 million.

## 2. Variation of results against preceding quarter

	Individual Quarter 3 Months Ended		
	(Unaudited)	(Unaudited)	Changes %
	31.12.21 RM'000	30.09.21 RM'000	
Revenue	49,123	35,044	40.18
Results from operating activities	4,835	2,909	66.21
Profit before tax ("PBT")	4,568	2,726	67.57
Profit after taxation	2,820	2,184	29.12
Profit attributable to owners of the parent	3,665	1,785	105.32

The revenue recorded in current quarter under review was RM49.1 million as compared to a revenue of RM35.0 million in previous quarter. The PBT was RM4.6 million in current quarter under review as compared to RM2.7 million in previous quarter.

The revenue recorded in the manufacturing segment was RM42.3 million in current quarter under review as compared to RM28.9 million in previous quarter mainly due to the increase of the export sales to customers in construction industry and hygiene and pest control industry. The manufacturing segment recorded a PBT of RM2.7 million in current quarter under review as compared to RM0.3 million in previous quarter. This was mainly due to higher sales recorded for hygiene and pest control products which yield a better margin.

The glove and healthcare segment recorded revenue of RM1.0 million in current quarter under review as compared to RM1.5 million in previous quarter. This segment recorded a PBT of RM0.9 million in current quarter as compared to PBT of RM1.1 million in previous quarter.

Property development & construction segment recorded a revenue and PBT of RM4.7 million and RM2.2 million respectively in current quarter under review as compared to RM3.5 million and RM1.3 million respectively in previous quarter. There is a reversal of the unwinding discount provided in previous year of RM0.3 million in current quarter under review.

The gaming & leisure segment had recorded a revenue and PBT of RM1.1 million and RM0.1 million respectively in both current quarter under review and previous quarter.

## 3. Prospects

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 the 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.

The Board had on 24 January 2022 announced the acquisition of 8.2% shares in Aimflex Berhad (“Aimflex”). The acquisition is expected to allow potential synergies between the Group and Aimflex such as sharing customer bases, which will provide a platform for the Group to penetrate the automation industry. It also provides Luster the opportunity to expand its current market to Johor where a significant number of Multi-National Companies are located. Further, the Group’s manufacturing business segment will be able to leverage on Aimflex’s expertise and experience in the manufacturing and modification of automation machines and fabrication of precision parts and metal panels, to create business opportunities to promote and embrace the digital revolution in accordance to the introduction of Industry 4.0. Aimflex’s automation and engineering solutions may help to streamline the Group’s manufacturing and business processes.

As for the glove manufacturing, barring any unforeseen circumstances, the testing and pre-commissioning activities of the high speed double former dipping production lines is expected to be in Q1’2022.

For the Engineering, Procurement, Construction and Commissioning (“EPCC”) contract and Glove Technology Solution Consulting in relation to gloves production line, the Group had started the delivery of certain parts of the 6 Double Former Glove Dipping Lines in November 2021. The shipment of the machine parts will be over a duration of 3 to 4 months subject to availability of the vessels. Installation on-site at United State of America is expected to be started in Q1’2022.

The Board believes that there is potential to grow the property development and construction segment and will focus in developing pocket housing development and/or affordable housing development.

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

The diversification into the gloves manufacturing, the EPCC project in USA and the synergy with Aimflex 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		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.12.21	31.12.20	31.12.21	31.12.20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the period:				
- Current tax	(1,249)	49	(3,569)	(2,225)
- Deferred tax	(440)	(748)	(440)	(748)
	(1,689)	(699)	(4,009)	(2,973)
(Under)/over provision in prior year:				
- Current tax	(59)	(114)	(824)	(147)
- Deferred tax	-	(6)	-	(6)
	(59)	(120)	(824)	(153)
	(1,748)	(819)	(4,833)	(3,126)

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		12 Months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.12.21	31.12.20	31.12.21	31.12.20
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Depreciation	1,490	968	4,654	4,458
Depreciation of right-of-use assets	458	99	697	284
Impairment loss on inventories	464	(53)	478	3
Interest expense	267	207	816	835
Interest income	(201)	(242)	(937)	(422)
Gain on disposal of property, plant and equipment	-	(76)	(6)	(76)
Realised loss/(gain) on foreign exchange	10	793	(75)	218
Rental income	(10)	(9)	(39)	(42)
Unrealised loss/(gain) on foreign exchange	70	(493)	(470)	198

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:

- i. 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:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation as at 31.12.21 RM'000</b>	<b>Balance as at 31.12.21 RM'000</b>	<b>Intended Timeframe for Utilisation</b>
Investment in glove business	50,000	50,000	-	Within 12 months
General working capital	10,105	10,105	-	Within 12 months
Expenses for the corporate exercise	164	164	-	Within 2 weeks
	60,269	60,269	-	

## 8. Borrowings and debts securities

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

	<b>As at quarter ended 31.12.21</b>		
	<b>Non-Current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bankers acceptance	-	10,627	10,627
Finance lease liabilities	97	277	374
Term loan	8,321	1,237	9,558
<b>Total</b>	<b>8,418</b>	<b>12,141</b>	<b>20,559</b>
	<b>As at quarter ended 31.12.20</b>		
	<b>Non-Current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bankers acceptance	-	8,933	8,933
Finance lease liabilities	170	154	324
Revolving credit	-	2,000	2,000
Term loan	1,669	470	2,139
<b>Total</b>	<b>1,839</b>	<b>11,557</b>	<b>13,396</b>

The above borrowings are secured and denominated in Ringgit Malaysia.



## 9. Material litigation

There was 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 had fixed the hearing on 29 March 2022.

## 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>12 Months Ended</b>	
	<b>31.12.21</b>	<b>31.12.20</b>	<b>31.12.21</b>	<b>31.12.20</b>
Income attributable to owners of the parent (RM'000)	3,665	1,229	8,475	5,962
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)	46	-	46	-
Effect of shares issued pursuant to private placement ('000)	-	124,486	-	124,486
Weighted average number of issued ordinary shares ('000)	2,892,959	2,200,521	2,892,959	2,200,521
Basic earnings per share (sen)	0.13	0.06	0.29	0.27

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>12 Months Ended</b>	
	<b>31.12.21</b>	<b>31.12.20</b>	<b>31.12.21</b>	<b>31.12.20</b>
Profit attributable to owners of the parent (RM'000)	3,665	1,229	8,475	5,962
Weighted average number of issued ordinary shares ('000)	2,892,959	2,200,521	2,892,959	2,200,521
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)	3,549,995	2,858,116	3,549,995	2,858,116
Diluted earnings per share (sen)	0.10	0.04	0.24	0.21

**BY ORDER OF THE BOARD**

**Liang Wooi Gee**

Deputy Managing Director

**Dated this 28th day of February 2022**