



LUSTER INDUSTRIES BHD

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2022**

LUSTER INDUSTRIES BHD.
Company No. 156148-P
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Unaudited as at 30-Sep-22 RM'000	Audited as at 31-Dec-21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,377	105,091
Right-of-use assets	991	1,444
Other investments	27,237	-
Goodwill on consolidation	6,446	6,446
Deferred tax assets	1,986	1,986
Trade receivables	2,739	2,779
Other receivables, deposits and prepayments	15,375	12,777
	<u>179,151</u>	<u>130,523</u>
Current assets		
Inventory properties	163,579	126,228
Inventories	35,494	26,008
Trade receivables	54,548	93,471
Other receivables, deposits and prepayments	30,374	36,708
Contract assets	2,011	2,342
Contract costs	55,742	34,584
Current tax assets	818	295
Fixed deposit with licensed banks	6,008	1,844
Cash and bank balances	64,644	57,992
	<u>413,218</u>	<u>379,472</u>
TOTAL ASSETS	<u>592,369</u>	<u>509,995</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	312,270	299,305
Other reserves	(6,753)	(9,260)
	<u>305,517</u>	<u>290,045</u>
Non-controlling interests	2,259	4,083
Total equity	<u>307,776</u>	<u>294,128</u>
Non-current liabilities		
Borrowings	9,375	8,623
Lease liabilities	838	758
Trade payables	2,929	2,269
Other payables and accruals	77,145	76,015
Deferred taxation	625	625
	<u>90,912</u>	<u>88,290</u>
Current liabilities		
Trade payables	24,646	36,760
Other payables and accruals	67,114	20,827
Borrowings	30,099	11,936
Lease liabilities	266	711
Contract liabilities	71,429	55,130
Current tax liabilities	127	2,213
	<u>193,681</u>	<u>127,577</u>
Total liabilities	<u>284,593</u>	<u>215,867</u>
TOTAL EQUITY AND LIABILITIES	<u>592,369</u>	<u>509,995</u>
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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Revenue	39,206	35,044	120,158	109,210
Cost of sales	<u>(35,590)</u>	<u>(29,234)</u>	<u>(104,308)</u>	<u>(89,584)</u>
Gross profit	3,616	5,810	15,850	19,626
Other income	2,586	764	5,281	1,755
Administrative expenses	(4,914)	(3,356)	(12,924)	(10,925)
Selling and distribution expenses	<u>(316)</u>	<u>(309)</u>	<u>(1,079)</u>	<u>(917)</u>
Results from operating activities	972	2,909	7,128	9,539
Finance costs	<u>(396)</u>	<u>(183)</u>	<u>(1,108)</u>	<u>(549)</u>
Profit before tax	576	2,726	6,020	8,990
Tax expense	<u>(451)</u>	<u>(542)</u>	<u>(990)</u>	<u>(3,085)</u>
Profit for the period	125	2,184	5,030	5,905
Other comprehensive income:				
Foreign currency translation differences for foreign operation	340	52	704	200
Net fair value changes of financial assets measured at FVTOCI	<u>4,539</u>	<u>-</u>	<u>(5,099)</u>	<u>-</u>
Total comprehensive income for the period	5,004	2,236	635	6,105
Profit attributable to:				
Owners of the parent	1,003	1,785	6,938	4,810
Non-controlling interests	<u>(878)</u>	<u>399</u>	<u>(1,908)</u>	<u>1,095</u>
	<u>125</u>	<u>2,184</u>	<u>5,030</u>	<u>5,905</u>
Total comprehensive income attributable to:				
Owners of the parent	5,865	1,834	2,508	5,000
Non-controlling interests	<u>(861)</u>	<u>402</u>	<u>(1,873)</u>	<u>1,105</u>
	<u>5,004</u>	<u>2,236</u>	<u>635</u>	<u>6,105</u>
Basic earning per ordinary share (sen)	<u>0.03</u>	<u>0.06</u>	<u>0.23</u>	<u>0.17</u>
Diluted earnings per ordinary share (sen)	<u>NA</u>	<u>0.05</u>	<u>NA</u>	<u>0.14</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 2022

	----- Attributable to owners of the parent -----						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	----- 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			
As at 1 January 2022	299,305	87	22,616	(22,616)	8,420	(17,767)	290,045	4,083	294,128
Total comprehensive income for the period	-	668	-	-	-	1,839	2,507	(1,873)	634
<i>Transactions with owners :</i>									
Issuance of shares pursuant to the exercise of warrants	12,965						12,965		12,965
Increase of shares pursuant to non-controlling interests							-	49	49
Transfer of warrants reserve upon exercised			(12,491)	12,491			-		-
Total transactions with owners	12,965	-	(12,491)	12,491	-	-	12,965	49	13,014
As at 30 September 2022	312,270	755	10,125	(10,125)	8,420	(15,928)	305,517	2,259	307,776
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	-	190	-	-	-	4,810	5,000	1,105	6,105
<i>Transactions with owners :</i>									
Issuance of shares pursuant to the exercise of warrants	6						6		6
Increase of shares pursuant to non-controlling interests							-	2,740	2,740
Total transactions with owners	6	-	-	-	-	-	6	2,740	2,746
As at 30 September 2021	299,305	118	22,618	(22,618)	8,420	(21,426)	286,417	4,929	291,346

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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	30-Sep-22 RM'000	30-Sep-21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,020	8,990
Adjustments for:		
Accretion of interest	62	138
Depreciation	2,833	3,164
Depreciation of right-of-use assets	582	239
Gain on disposal of property, plant and equipment	(398)	(6)
Impairment loss on inventories	-	14
Interest expense	1,108	549
Interest income	(321)	(736)
Reversal of impairment loss on inventories	(25)	-
Unrealised gain on foreign exchange	(1,961)	(540)
Operating profit before working capital changes	7,900	11,812
Changes in:		
Inventory properties	(37,351)	(2,873)
Inventories	(9,461)	(7,768)
Receivables	44,241	(6,164)
Contract assets	331	(32,450)
Contract costs	(21,158)	1,141
Payables	35,738	(5,755)
Contract liabilities	16,299	51,029
Cash used in operations	36,539	8,972
Income tax paid	(3,602)	(946)
Interest paid	(1,108)	(549)
Net cash generated from operating activities	31,829	7,477
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interest in subsidiary by non-controlling interest	49	1,640
Acquisition of Right of use	(104)	(418)
Interest received	321	736
Investment in Financial Assets measured at FVTOCI	(32,336)	-
Proceeds from disposal of property, plant and equipment	1,015	6
Purchase of property, plant and equipment	(22,273)	(37,727)
Net cash used in investing activities	(53,328)	(35,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in bankers' acceptance	11,590	435
Net changes in revolving credit	-	(2,000)
Net changes in term loan	1,683	4,541
Net changes in lease liabilities	(438)	94
Net changes in finance lease liabilities	(261)	(175)
Net changes in share margin financing	5,454	-
Proceed from issuance of shares pursuant to exercise of warrants	12,965	6
Net cash generated from financing activities	30,993	2,901
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	9,494	(25,385)
Effects of foreign exchange rates changes	1,322	591
CASH AND CASH EQUIVALENTS AT BEGINNING	59,303	100,636
CASH AND CASH EQUIVALENTS AT END	70,119	75,842
Represented by:		
Fixed deposits with licensed banks	5,475	5,669
Cash and bank balances	64,644	70,173
	70,119	75,842

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 2021.

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 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 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information

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

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2021 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.

	9 Months ended 30.09.22 RM'000	9 Months ended 30.09.21 RM'000
Segment Revenue		
Manufacturing	114,847	86,000
Property development & construction	2,250	14,398
Gaming & leisure	3,061	3,292
Glove & healthcare	-	5,520
Others	-	203
Total revenue including inter-segment sales	<u>120,158</u>	<u>109,413</u>
Elimination of inter-segment sales	-	(203)
Total revenue to external customers	<u>120,158</u>	<u>109,210</u>
Segment Results		
Manufacturing	11,958	589
Property development & construction	(1,104)	4,100
Gaming & leisure	464	181
Glove & healthcare	(3,318)	4,409
Others	(1,980)	(496)
Total results	<u>6,020</u>	<u>8,783</u>
Elimination	-	207
Profit before tax	<u>6,020</u>	<u>8,990</u>
Tax	(990)	(3,085)
Profit for the period	<u>5,030</u>	<u>5,905</u>
	As at 30.09.22 RM'000	As at 30.09.21 RM'000
Segment Assets		
Manufacturing	161,103	158,589
Property development & construction	222,915	143,422
Gaming & leisure	7,480	6,888
Glove & healthcare	160,331	100,713
Others	<u>302,399</u>	<u>311,287</u>
Total assets before elimination	854,228	720,899
Elimination	<u>(261,859)</u>	<u>(306,514)</u>
Total assets	<u>592,369</u>	<u>414,385</u>
Segment Assets by Locations		
Malaysia	584,889	407,497
Cambodia	<u>7,480</u>	<u>6,888</u>
Total assets	<u>592,369</u>	<u>414,385</u>

	As at 30.09.22 RM'000	As at 30.09.21 RM'000
Segment Liabilities		
Manufacturing	38,912	64,705
Property development & construction	148,803	76,883
Gaming & leisure	497	699
Glove & healthcare	158,988	94,716
Others	<u>9,046</u>	<u>18,920</u>
Total liabilities before elimination	356,246	255,923
Elimination	<u>(71,653)</u>	<u>(132,884)</u>
Total liabilities	<u>284,593</u>	<u>123,039</u>
Segment Liabilities by Locations		
Malaysia	284,096	122,339
Cambodia	<u>497</u>	<u>700</u>
Total liabilities	<u>284,593</u>	<u>123,039</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 2021.

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.

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		Changes
	3 Months Ended		
	(Unaudited)	(Unaudited)	
	30.09.22	30.09.21	%
	RM'000	RM'000	
Revenue	39,206	35,044	11.88
Results from operating activities	972	2,909	(66.59)
Profit before tax (“PBT”)	576	2,726	(78.87)
Profit after tax	125	2,184	(94.28)
Profit attributable to owners of the parent	1,003	1,785	(43.81)

The revenue and PBT recorded by the Group were RM39.2 million and RM0.6 million respectively in current quarter under review as compared to RM35.0 million and RM2.7 million respectively in previous year corresponding quarter.

The revenue recorded in manufacturing segment was RM37.1 million in current quarter under review as compared to RM28.9 million in previous year corresponding quarter. This was mainly due to the higher sales to the customers in the hygiene and pest control industry and higher sales on the plastic formwork to a customer supplying formwork and scaffolding system. The manufacturing segment recorded a PBT of RM3.7 million in the current quarter under review as compared to PBT of RM0.3 million in the previous year corresponding quarter mainly due to higher revenue recorded.

The housing project in Daerah Seberang Perai Utara has mainly completed and sold successfully and most of the billings have been recognised. The inventory properties of the Pengkalan Hulu project has started selling at a lower value as promotional activities to launch the sales of the project. Hence, a lower revenue of RM1.2 million was recorded for the current quarter under review as compared to RM3.5 million in the previous year corresponding quarter resulting in a loss of RM1.1 million compared to a PBT of RM1.3 million respectively.

In anticipation to commence operation in 3rd Quarter of 2022, the Group had gradually put in place the resources needed towards the end of 2nd Quarter of 2022, hence, incurring overheads which had resulted in a loss of RM1.7 million in the current quarter as compared to a PBT of RM1.1 million on a revenue of RM1.5 million in the previous year corresponding quarter (mainly generated from the trading of gloves). However,

with the glove market condition which was not favourable during the quarter under review, the Group will take careful and prudence steps moving forward, maintaining minimum operation overheads while carrying out mostly the research and development activities to produce quality gloves at a competitive price in order for the Group to better position itself when the average selling price and the demand of the glove recovers.

The gaming & leisure segment had recorded a revenue of RM0.9 million in current quarter under review as compared to RM1.1 million in previous year corresponding quarter. The gaming & leisure segment had recorded a PBT of RM0.1 million in both current quarter and in previous year corresponding quarter.

Comparison with Corresponding Financial Period To Date in Previous Year

	Cumulative Quarter		
	9 Months Ended		
	(Unaudited) 30.09.22 RM'000	(Unaudited) 30.09.21 RM'000	Changes %
Revenue	120,158	109,210	10.02
Results from operating activities	7,128	9,539	(25.28)
Profit before tax ("PBT")	6,020	8,990	(33.04)
Profit after tax	5,030	5,905	(14.82)
Profit attributable to owners of the parent	6,938	4,810	44.24

The revenue recorded was RM120.2 million in current reporting period as compared to RM109.2 million in previous year corresponding period. The PBT in current reporting period was RM6.0 million as compared to RM9.0 million in previous year corresponding period.

The revenue in manufacturing segment was RM114.8 million in current reporting period as compared to RM86.0 million in previous year corresponding period. This was mainly due to the higher sales to the customer in the hygiene and pest control industry and higher sales on the plastic formwork to a customer supplying formwork and scaffolding system, hence, the higher PBT of RM12.0 million in the current period under review as compared to RM0.6 million in previous year corresponding period.

For glove & healthcare segment, a loss of RM3.3 million was recorded in the current period. The revenue and PBT recorded in previous year corresponding period were RM5.5 million and RM4.4 million. The revenue recorded in the previous year was mainly generated from the trading of gloves. With the easing of the ASP for gloves, the Group had put on hold the activities on trading of gloves and gradually put in place the resources needed to commence operation which was initially projected in 3rd Quarter of 2022. However, in view of the unfavourable glove market condition, the

Group had decided to reduce and scale down the activities in order to maintain minimum operation overheads.

The housing project in Daerah Seberang Perai Utara has mainly completed and sold successfully and most of the billings have been recognised. The inventory properties of the Pengkalan Hulu project has started selling at a lower value as promotional activities to launch the sales of the project. Hence, lower revenue of RM2.3 million and loss of RM1.1 million recorded in current reporting period. The revenue and PBT of RM14.4 million and RM4.1 million were recorded respectively in previous year corresponding period.

The gaming and leisure segment had recorded a revenue of RM3.1 million in current reporting period as compared to RM3.3 million previous year corresponding period. The PBT was RM0.5 million in current period as compared to RM0.2 million in previous year corresponding period.

2. Variation of results against preceding quarter

	Individual Quarter		
	3 Months Ended		
	(Unaudited) 30.09.22 RM'000	(Unaudited) 30.06.22 RM'000	Changes %
Revenue	39,206	39,354	(0.38)
Results from operating activities	972	3,624	(73.18)
Profit before tax (“PBT”)	576	3,188	(81.93)
Profit after taxation	125	2,952	(95.77)
Profit attributable to owners of the parent	1,003	3,348	(70.04)

The revenue recorded in current quarter under review was RM39.2 million as compared to a revenue of RM39.4 million in previous quarter. The PBT recorded was RM0.6 million in current quarter under review as compared to PBT of RM3.2 million in previous quarter.

The Manufacturing segment had recorded a slightly lower revenue of RM37.1 million in the current quarter as compared to RM37.9 million in the previous quarter mainly due to the delay in certain shipments, resulting in the lower sales, from the customer in the hygiene and pest control industry. However, the shipments have been recovered in the subsequent quarter. The lower PBT in the current quarter of RM3.7 million as compared to RM4.4 million in the previous quarter was mainly attributed by a special performance incentive of RM0.5 million given to the employees for the better financial performance for the 1st half of 2022 achieved in the manufacturing segment (as compared to previous year) and the slightly lower revenue in the current quarter.

In anticipation to commence operation in 3rd Quarter of 2022, the Group had gradually put in place the resources needed towards the end of 2nd Quarter of 2022, hence,

incurring overheads which had resulted in a loss of RM1.7 million in the current quarter under review as compared to RM0.7 million in previous quarter. However, with the unfavourable glove market condition, the Group will take careful and prudence steps moving forward by reducing and scaling down the activities to maintain minimum operation overheads.

The revenue and loss recorded was RM1.2 million and RM1.1 million respectively in current quarter under review as compared to revenue and loss of RM0.4 million and RM0.1 million respectively in previous quarter. The revenue in current quarter was generated from the sales of the inventory properties of the Pengkalan Hulu project. The loss in current quarter was mainly due to the promotional activities to launch the sales of the Pengkalan Hulu project.

The gaming & leisure segment had recorded a revenue and PBT of RM0.9 million and RM0.1 million respectively in current quarter under review as compared to revenue and PBT of RM1.1 million and RM0.2 million respectively in previous quarter.

3. Prospects

The Group will continue to remain prudent in all its operations and looking for new business opportunities to adapt to the current and new market requirements and in anticipation of a more challenging and uncertain market conditions in the near future. The Group will also be taking more careful and prudence strategies to maintain its competitiveness.

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 investment in Aimflex Berhad (“Aimflex”) allows the sharing of customer bases and create business opportunities to promote and embrace the digital revolution in accordance to the introduction of Industry 4.0. This will further enhance the profitability of the manufacturing segment. Aimflex’s business and profit has grown since the inception of our investment.

The Group is taking careful and prudence steps in embarking on its glove manufacturing activities. With the current glove market condition, the Group has decided to hibernate its operation from 4th Quarter of 2022 onwards, maintaining minimum operation overheads while carrying out mostly the research and development activities to produce quality gloves at a competitive price in order for the Group to better position itself when the average selling price and the demand of the glove recovers. All the machine parts of the 6 Double Former Glove Dipping Lines have been completely delivered to the USA in the current quarter under the Engineering, Procurement, Construction and Commissioning (“EPCC”) and Glove Technology Solution Consulting in relation to the gloves production lines contract. The installation

on-site in the USA has commenced and the project is expected to generate revenue to the Group by the 4th quarter of 2022 or 1st quarter of 2023.

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 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 9 months Ended	
	(Unaudited) 30.09.22 RM'000	(Unaudited) 30.09.21 RM'000	(Unaudited) 30.09.22 RM'000	(Unaudited) 30.09.21 RM'000
Malaysian income tax: Based on results for the period:				
- Current tax	(124)	(542)	(663)	(2,320)
Under provision in prior year:				
- Current tax	(327)	-	(327)	(765)
	<u>(451)</u>	<u>(542)</u>	<u>(990)</u>	<u>(3,085)</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 3 Months Ended		Cumulative Quarter 9 months Ended	
	(Unaudited) 30.09.22 RM'000	(Unaudited) 30.09.21 RM'000	(Unaudited) 30.09.22 RM'000	(Unaudited) 30.09.21 RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Depreciation	951	1,049	2,833	3,164
Depreciation of right-of-use assets	199	81	582	239
Impairment loss on inventories	-	-	-	14
Interest expense	396	183	1,108	549
Interest income	(147)	(257)	(321)	(736)
Gain on disposal of property, plant and equipment	(77)	-	(398)	(6)
Realised gain on foreign exchange	(1,116)	(145)	(1,836)	(85)
Rental income	(24)	(10)	(54)	(29)
Reversal of impairment loss on inventories	(75)	-	(25)	-
Unrealised gain on foreign exchange	(688)	(292)	(1,960)	(540)

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

There were no corporate proposals announced or not completed as at the date of this report.

8. Borrowings and debts securities

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

	As at quarter ended 30.09.22		
	Non-Current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Bankers acceptance	-	22,217	22,217
Finance lease liabilities	270	292	562
Share margin	-	5,454	5,454
Term loan	9,105	2,136	11,241
Total	<u>9,375</u>	<u>30,099</u>	<u>39,474</u>

	As at quarter ended 30.09.21		
	Non-Current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Bankers acceptance	-	9,394	9,394
Finance lease liabilities	153	306	459
Term loan	5,320	1,361	6,681
Total	<u>5,473</u>	<u>11,061</u>	<u>16,534</u>

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 November 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:

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.22	30.09.21	30.09.22	30.09.21
Income attributable to owners of the parent (RM'000)	1,003	1,785	6,938	4,810
Adjusted number of issued ordinary shares ('000)	2,892,969	2,892,913	2,892,969	2,892,913
Effect of shares issued pursuant to exercise of warrants ('000)	61,051	43	61,051	43
Weighted average number of issued ordinary shares ('000)	2,954,020	2,892,956	2,954,020	2,892,956
Basic earnings per share (sen)	0.03	0.06	0.23	0.17

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.22	30.09.21	30.09.22	30.09.21
Profit attributable to owners of the parent (RM'000)	^	1,785	^	4,810
Weighted average number of issued ordinary shares ('000)	^	2,892,956	^	2,892,956
Adjustments for dilutive effect on exercise of:				
- Warrants A ('000)	^	441,036	^	441,036
- Warrants B ('000)	^	216,000	^	216,000
Adjusted weighted average number of issued ordinary shares ('000)	^	3,549,992	^	3,549,992
Diluted earnings per share (sen)	^	0.05	^	0.14

^ Based on the 30-days weighted average market price of share of Luster Industries Bhd. up to 30 September 2022, 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 28th day of November 2022