



# **LUSTER INDUSTRIES BHD**

(156148-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2022**

**LUSTER INDUSTRIES BHD.**  
**Company No. 156148-P**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Unaudited as at 31-Dec-22 RM'000	Audited as at 31-Dec-21 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	127,442	105,091
Right-of-use assets	824	1,444
Other investments	27,237	-
Goodwill on consolidation	-	6,446
Deferred tax assets	27	1,986
Trade receivables	659	2,779
Other receivables, deposits and prepayments	2,195	12,777
	<u>158,384</u>	<u>130,523</u>
<b>Current assets</b>		
Inventory properties	159,652	126,228
Inventories	32,177	26,008
Trade receivables	48,680	93,471
Other receivables, deposits and prepayments	25,412	36,708
Contract assets	-	2,342
Contract costs	52,060	34,584
Current tax assets	843	295
Fixed deposit with licensed banks	4,933	1,844
Cash and bank balances	74,849	57,992
	<u>398,606</u>	<u>379,472</u>
<b>TOTAL ASSETS</b>	<u><b>556,990</b></u>	<u><b>509,995</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	312,270	299,305
Other reserves	(30,726)	(9,260)
	<u>281,544</u>	<u>290,045</u>
Non-controlling interests	2,656	4,083
<b>Total equity</b>	<u><b>284,200</b></u>	<u><b>294,128</b></u>
<b>Non-current liabilities</b>		
Borrowings	38,068	8,623
Lease liabilities	195	758
Trade payables	900	2,269
Other payables and accruals	79,095	76,015
Deferred taxation	865	625
	<u>119,123</u>	<u>88,290</u>
<b>Current liabilities</b>		
Trade payables	22,046	36,760
Other payables and accruals	34,678	20,827
Borrowings	30,531	11,936
Lease liabilities	648	711
Contract liabilities	65,658	55,130
Current tax liabilities	106	2,213
	<u>153,667</u>	<u>127,577</u>
<b>Total liabilities</b>	<u><b>272,790</b></u>	<u><b>215,867</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>556,990</b></u>	<u><b>509,995</b></u>
<b>Net assets per share (RM)</b>	<b>0.09</b>	<b>0.10</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 12 MONTHS PERIOD ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER TO DATE	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Revenue	38,589	49,123	158,747	158,333
Cost of sales	<u>(35,635)</u>	<u>(39,940)</u>	<u>(139,943)</u>	<u>(129,524)</u>
<b>Gross profit</b>	<b>2,954</b>	<b>9,183</b>	<b>18,804</b>	<b>28,809</b>
Other income	334	535	5,615	2,290
Administrative expenses	(23,321)	(4,532)	(36,245)	(15,457)
Selling and distribution expenses	<u>(288)</u>	<u>(351)</u>	<u>(1,367)</u>	<u>(1,268)</u>
<b>Results from operating activities</b>	<b>(20,321)</b>	<b>4,835</b>	<b>(13,193)</b>	<b>14,374</b>
Finance costs	<u>(523)</u>	<u>(267)</u>	<u>(1,631)</u>	<u>(816)</u>
<b>(Loss)/ profit before tax</b>	<b>(20,844)</b>	<b>4,568</b>	<b>(14,824)</b>	<b>13,558</b>
Tax expense	<u>(2,565)</u>	<u>(1,748)</u>	<u>(3,555)</u>	<u>(4,833)</u>
<b>(Loss)/ profit for the period</b>	<b>(23,409)</b>	<b>2,820</b>	<b>(18,379)</b>	<b>8,725</b>
<b>Other comprehensive (expense)/ income:</b>				
Foreign currency translation differences for foreign operation	(368)	(33)	336	167
Net fair value changes of financial assets measured at FVTOCI	<u>-</u>	<u>-</u>	<u>(5,099)</u>	<u>-</u>
<b>Total comprehensive (expense)/ income for the period</b>	<b>(23,777)</b>	<b>2,787</b>	<b>(23,142)</b>	<b>8,892</b>
<b>(Loss)/ profit attributable to:</b>				
Owners of the parent	(23,624)	3,665	(16,686)	8,475
Non-controlling interests	<u>215</u>	<u>(845)</u>	<u>(1,693)</u>	<u>250</u>
	<b>(23,409)</b>	<b>2,820</b>	<b>(18,379)</b>	<b>8,725</b>
<b>Total comprehensive (expense)/ income attributable to:</b>				
Owners of the parent	(23,974)	3,634	(21,466)	8,634
Non-controlling interests	<u>197</u>	<u>(847)</u>	<u>(1,676)</u>	<u>258</u>
	<b>(23,777)</b>	<b>2,787</b>	<b>(23,142)</b>	<b>8,892</b>
Basic (loss)/ earning per ordinary share (sen)	<u>(0.80)</u>	<u>0.06</u>	<u>(0.56)</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 12 MONTHS PERIOD ENDED 31 DECEMBER 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 expense for the period	-	319	-	-	-	(21,785)	(21,466)	(1,676)	(23,142)
<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							-	249	249
Transfer of warrants reserve upon exercised			(12,491)	12,491			-		-
Total transactions with owners	12,965	-	(12,491)	12,491	-	-	12,965	249	13,214
As at 31 December 2022	<b>312,270</b>	<b>406</b>	<b>10,125</b>	<b>(10,125)</b>	<b>8,420</b>	<b>(39,552)</b>	<b>281,544</b>	<b>2,656</b>	<b>284,200</b>
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	-	-	-	8,469	8,628	258	8,886
<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							-	2,741	2,741
Transfer of warrants reserve upon exercised			(2)	2			-		-
Total transactions with owners	6	-	(2)	2	-	-	6	2,741	2,747
As at 31 December 2021	299,305	87	22,616	(22,616)	8,420	(17,767)	290,045	4,083	294,128

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 2022**

	31-Dec-22 RM'000	31-Dec-21 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ profit before tax	(14,824)	13,558
Adjustments for:		
Accretion of interest	87	212
Depreciation	3,818	4,654
Depreciation of right-of-use assets	739	697
Gain on disposal of property, plant and equipment	(336)	(6)
Goodwill written off	6,446	-
Impairment loss on inventories	3,524	478
Impairment loss on property, plant and equipment	314	-
Impairment loss on receivables	6,787	-
Interest expense	1,631	816
Interest income	(647)	(937)
Reversal for unwinding discounts	-	(333)
Unrealised (gain)/loss on foreign exchange	125	(470)
Operating profit before working capital changes	7,664	18,669
Changes in:		
Inventory properties	(33,424)	(82,537)
Inventories	(9,693)	(7,516)
Receivables	61,737	(21,245)
Contract assets	2,342	(408)
Contract costs	(17,476)	(32,315)
Payables	786	80,430
Contract liabilities	10,528	53,952
Cash used in operations	22,464	9,030
Income tax paid	(4,014)	(2,075)
Interest paid	(1,631)	(816)
Net cash generated from operating activities	16,819	6,139
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of interest in subsidiary by non-controlling interest	249	2,741
Acquisition of Right of use assets	(1,079)	(1,897)
Interest received	647	937
Investment in Financial Assets measured at FVTOCI	(32,336)	-
Proceeds from disposal of property, plant and equipment	1,766	1,284
Purchase of property, plant and equipment	(25,428)	(59,041)
Reversal of Right of use assets	976	-
Net cash used in investing activities	(55,205)	(55,976)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in bankers' acceptance	11,946	1,668
Net changes in revolving credit	-	(2,000)
Net changes in term loan	28,750	7,419
Net changes in lease liabilities	(722)	1,008
Net changes in finance lease liabilities	(677)	(260)
Net changes in share margin financing	5,549	-
Proceed from issuance of shares pursuant to exercise of warrants	12,965	6
Net cash generated from financing activities	57,811	7,841
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,425	(41,996)
<b>Effects of foreign exchange rates changes</b>	521	480
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	59,303	100,636
<b>CASH AND CASH EQUIVALENTS AT END</b>	79,249	59,120
<b>Represented by:</b>		
Fixed deposits with licensed banks	4,400	1,311
Cash and bank balances	74,849	57,809
	79,249	59,120

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.

	<b>12 Months ended 31.12.22 RM'000</b>	<b>12 Months ended 31.12.21 RM'000</b>
<b>Segment Revenue</b>		
Manufacturing	143,762	128,342
Property development & construction	4,156	19,069
Gaming & leisure	3,677	4,372
Glove & healthcare	7,145	6,550
Others	7	-
Total revenue to external customers	<u>158,747</u>	<u>158,333</u>
<b>Segment Results</b>		
Manufacturing	10,510	3,286
Property development & construction	(8,413)	6,256
Gaming & leisure	491	245
Glove & healthcare	(2,951)	5,259
Others	<u>(14,461)</u>	<u>(1,488)</u>
(Loss)/ profit before tax	(14,824)	13,558
Tax	<u>(3,555)</u>	<u>(4,833)</u>
(Loss)/ profit for the period	<u>(18,379)</u>	<u>8,725</u>
	<b>As at 31.12.22 RM'000</b>	<b>As at 31.12.21 RM'000</b>
<b>Segment Assets</b>		
Manufacturing	146,248	147,489
Property development & construction	196,686	224,144
Gaming & leisure	6,976	6,916
Glove & healthcare	159,952	124,536
Others	<u>325,021</u>	<u>308,082</u>
Total assets before elimination	834,883	811,167
Elimination	<u>(277,893)</u>	<u>(301,172)</u>
Total assets	<u>556,990</u>	<u>509,995</u>
<b>Segment Assets by Locations</b>		
Malaysia	550,014	503,079
Cambodia	<u>6,976</u>	<u>6,916</u>
Total assets	<u>556,990</u>	<u>509,995</u>



	<b>As at 31.12.22 RM'000</b>	<b>As at 31.12.21 RM'000</b>
<b>Segment Liabilities</b>		
Manufacturing	44,810	37,747
Property development & construction	133,845	149,536
Gaming & leisure	424	697
Glove & healthcare	109,828	119,323
Others	<u>6,365</u>	<u>1,414</u>
Total liabilities before elimination	295,272	308,717
Elimination	<u>(22,482)</u>	<u>(92,850)</u>
Total liabilities	<u>272,790</u>	<u>215,867</u>
<b>Segment Liabilities by Locations</b>		
Malaysia	272,366	215,170
Cambodia	<u>424</u>	<u>697</u>
Total liabilities	<u>272,790</u>	<u>215,867</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**

	<b>Individual Quarter</b>		<b>Changes</b>
	<b>3 Months Ended</b>		
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>31.12.22</b>	<b>31.12.21</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	38,589	49,123	(21.44)
Results from operating activities	(20,321)	4,835	(520.29)
(Loss)/ profit before tax (“LBT/ PBT”)	(20,844)	4,568	(556.30)
(Loss)/ profit after tax	(23,409)	2,820	(930.11)
(Loss)/ profit attributable to owners of the parent	(23,624)	3,665	(744.58)

The revenue and LBT recorded by the Group were RM38.6 million and RM20.8 million respectively in current quarter under review as compared to RM49.1 million and PBT of RM4.6 million respectively in previous year corresponding quarter.

The LBT was mainly due to the following reasons:-

<b>No</b>	<b>Description</b>	<b>Amount</b>
a)	Goodwill impairment	RM6.4 million
b)	Provision for the allowance for expected credit losses on amount owing in relation to a material litigation	RM5.7 million
c)	Written off inventory properties and deposit for the Pengkalan Hulu project	RM4.8 million
	<b>Total</b>	<b>RM16.9 million</b>

All the above transactions are one time off impairment exercise and do not have any current and future cash flow impact on the Group.

The revenue recorded in manufacturing segment was RM28.9 million in current quarter under review as compared to RM42.3 million in previous year corresponding quarter. After the ramping up of deliveries of RM99.8 million in the first 3 quarter of 2022, current quarter recorded lower sales. That resulted in a LBT of RM1.4 million as compared to a PBT of RM2.7 million in the previous year corresponding quarter.

The property development & construction segment recorded a revenue of RM1.9 million in the current quarter under review as compared to revenue of RM4.7 million in the previous year corresponding quarter. This was mainly due to the housing project

in Daerah Seberang Perai Utara has completed and most of the billings have been recognised. The revenue in current quarter was mainly generated from the selling of inventory properties of the Pengkalan Hulu project. The LBT of RM7.3 million in current quarter under review as compared to a PBT of RM2.2 million in the previous year corresponding quarter was mainly due to the written off of the inventory properties and deposit of the Pengkalan Hulu project as stated above.

The revenue recorded in glove & healthcare segment was RM7.1 mil in current quarter under review as compared to RM1.0 million in pervious year corresponding quarter. The current quarter revenue was recognised by way of progressive completion of the glove production lines in the United States of America (USA). The PBT for the current quarter was RM0.3 million as compared to RM0.9 million in previous corresponding year.

The gaming & leisure segment had recorded a revenue of RM0.7 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 RM0.02 million and RM0.1 million respectively.

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

	<b>Cumulative Quarter 12 Months Ended</b>		
	<b>(Unaudited) 31.12.22 RM'000</b>	<b>(Unaudited) 31.12.21 RM'000</b>	<b>Changes %</b>
	Revenue	158,747	158,333
Results from operating activities	(13,193)	14,374	(191.78)
(Loss)/ profit before tax (“LBT/ PBT”)	(14,824)	13,558	(209.34)
(Loss)/ profit after taxation	(18,379)	8,725	(310.65)
(Loss)/ profit attributable to owners of the parent	(16,686)	8,475	(296.88)

The revenue recorded was RM158.7 million in current reporting period as compared to RM158.3 million in previous year corresponding period. The LBT in current reporting period was RM14.8 million as compared to RM13.6 million in previous year corresponding period.

The LBT was mainly due to the following reasons:-

<b>No</b>	<b>Description</b>	<b>Amount</b>
a)	Goodwill impairment	RM6.4 million
b)	Provision for the allowance for expected credit losses on amount owing in relation to a material litigation	RM5.7 million
c)	Written off inventory properties and deposit for the Pengkalan Hulu project	RM4.8 million
	<b>Total</b>	<b>RM16.9 million</b>

All the above transactions are one time off impairment exercise and do not have any current and future cash flow impact on the Group.

The revenue in manufacturing segment was RM143.8 million in current reporting period as compared to RM128.3 million in previous year corresponding period. The revenue increase was driven by sales of hygiene and pest control products as well as plastic formwork, hence, the higher PBT of RM10.5 million in the current period under review as compared to RM3.3 million in previous year corresponding period.

For glove & healthcare segment, a revenue and LBT of RM7.1 million and RM3.0 million was recorded in the current period. The revenue and PBT recorded in previous year corresponding period were RM6.6 million and RM5.3 million. The revenue was mainly generated from the installation of glove production lines project in USA which are actively ongoing while the Group is maintaining minimum operation overheads on its glove manufacturing activities in Malaysia due to low average selling price of glove.

The housing project in Daerah Seberang Perai Utara has completed and most of the billings have been recognised which resulted in a lower revenue of RM4.2 million in current reporting period as compared to RM19.3 million in previous year corresponding period. This segment recorded a LBT of RM RM8.4 million in current reporting period as compared to PBT of RM6.3 million in previous year corresponding period mainly due to the lower revenue recorded and the written off of inventory properties and the deposit for the Pengkalan Hulu project as stated above.

The gaming and leisure segment had recorded a revenue of RM3.7 million in current reporting period as compared to RM4.4 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

	<b>Individual Quarter</b>		
	<b>3 Months Ended</b>		
	<b>(Unaudited)</b> <b>31.12.22</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>30.09.22</b> <b>RM'000</b>	<b>Changes</b> <b>%</b>
Revenue	38,589	39,206	(1.57)
Results from operating activities	(20,321)	972	(2,190.64)
(Loss)/ profit before tax (“LBT/ PBT”)	(20,844)	576	(3,718.75)
(Loss)/ profit after taxation	(23,409)	125	(18,827.20)
(Loss)/ profit attributable to owners of the parent	(23,624)	1,003	(2,455.33)

The revenue recorded in current quarter under review was RM38.6 million as compared to a revenue of RM39.2 million in previous quarter. The LBT recorded was

RM20.8 million in current quarter under review as compared to PBT of RM0.6 million in previous quarter.

The LBT was mainly due to the following reasons:-

No	Description	Amount
a)	Goodwill impairment	RM6.4 million
b)	Provision for the allowance for expected credit losses on amount owing in relation to a material litigation	RM5.7 million
c)	Written off inventory properties and deposit for the Pengkalan Hulu project	RM4.8 million
	Total	RM16.9 million

All the above transactions are one time off impairment exercise and do not have any current and future cash flow impact on the Group.

The Manufacturing segment had recorded a revenue of RM28.9 million in the current quarter as compared to RM37.1 million in the previous quarter mainly due to the lower sales recorded for the plastic formwork products. The LBT in the current quarter of RM1.4 million as compared to PBT of RM3.7 million in the previous quarter was mainly caused by the lower sales recorded and the provision for bonus of RM1.2 million.

The glove & healthcare segment has recorded a revenue of RM7.1 million in the current quarter under review from the installation of glove production lines project in USA. Hence, a PBT of RM0.4 million was recorded in current quarter under review as compared to LBT of RM1.7 million in previous quarter.

In the current quarter under review, the Group recorded a revenue of RM1.9 million and LBT of RM7.3 million for the property development and construction segment. The revenue and LBT was RM1.2 million and RM1.1 million respectively in the previous quarter. The LBT in current quarter was mainly due to the Group's decision to write off the inventory properties and a deposit for the Pengkalan Hulu project.

The gaming & leisure segment had recorded a revenue and PBT of RM0.6 million and RM0.9 million respectively in current quarter under review as compared to revenue and PBT of RM0.02 million and RM0.1 million respectively in previous quarter.

### 3. **Prospects**

The Group has taken prudent steps by making one time off impairment exercise in this financial year which do not have current and future cash flow impact on the Group.

The manufacturing segment of the Group performed well in this financial year and is the main contributor to the revenue and positive operating cashflow of the Group. The Group will continue to further improve on productivity and cost structures of the manufacturing segment.

While the Group is taking careful and prudence steps by maintaining minimum operation overheads on its glove manufacturing activities in Malaysia due to low average selling price of gloves, the Group focus on its ongoing project of its installation of production lines for American Nitrile Operations, LLC, in USA. The project has started to recognise revenue to the Group in 4th quarter of 2022.

The Board believes that the property development and construction segment has growth potential and its development projects particularly in Klang Valley are in various stages of approval by authorities. The Board is confident that once the projects launch, the projects will contribute positively to the financial of the Group.

Given the current market condition, 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 12 months Ended	
	(Unaudited) 31.12.22 RM'000	(Unaudited) 31.12.21 RM'000	(Unaudited) 31.12.22 RM'000	(Unaudited) 31.12.21 RM'000
Malaysian income tax: Based on results for the period:				
- Current tax	(668)	(1,249)	(1,330)	(3,569)
- Deferred tax	(2,200)	(440)	(2,200)	(440)
Under provision in prior year:				
- Current tax	303	(59)	(25)	(824)
	<u>(2,565)</u>	<u>(1,748)</u>	<u>(3,555)</u>	<u>(4,833)</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
- Utilisation of unabsorbed capital allowances by certain subsidiaries.

6. **(Loss)/profit before taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>12 months Ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>31.12.22</b>	<b>31.12.21</b>	<b>31.12.22</b>	<b>31.12.21</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/ profit before taxation is arrived at after charging/ (crediting):				
Depreciation	985	1,490	3,818	4,654
Depreciation of right-of-use assets	157	458	739	697
Goodwill written off	6,446	-	6,446	-
Impairment loss on property, plant and equipment	314	-	314	-
Impairment loss on inventori	3,549	464	3,524	478
Impairment loss on receivabl	6,787	-	6,787	-
Interest expense	523	267	1,631	816
Interest income	(326)	(201)	(647)	(937)
(Loss)/ gain on disposal of property, plant and equipment	62	-	(336)	(6)
Realised gain on foreign exchange	1,478	10	(2,443)	(75)
Rental income	(21)	(10)	(75)	(39)
Unrealised gain on foreign exchange	(607)	70	125	(470)

Other than the above items, there are no impairment of receivables, gain or loss on disposal of quoted or unquoted investments or properties, 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:

	<b>As at quarter ended 31.12.22</b>		
	<b>Non-Current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bankers acceptance	-	22,573	22,573
Finance lease liabilities	1,614	555	2,169
Share margin	-	5,549	5,549
Term loan	36,454	1,854	38,308
<b>Total</b>	<b>38,068</b>	<b>30,531</b>	<b>68,599</b>

	<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>

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 said appeals are now fixed for decision before the Court of Appeal on 1 March 2023.

#### 10. **Proposed dividend**

No dividend was proposed for the current quarter under review.



## 11. (Loss)/ earnings per share

The basic (loss)/ 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 12 Months Ended</b>	
	<b>31.12.22</b>	<b>31.12.21</b>	<b>31.12.22</b>	<b>31.12.21</b>
(Loss)/ income attributable to owners of the parent (RM'000)	(23,624)	3,665	(16,686)	8,475
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)	78,343	46	78,343	46
Weighted average number of issued ordinary shares ('000)	2,971,312	2,892,959	2,971,312	2,892,959
Basic (loss)/earnings per share (sen)	(0.80)	0.06	(0.56)	0.17

The diluted 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 12 Months Ended</b>	
	<b>31.12.22</b>	<b>31.12.21</b>	<b>31.12.22</b>	<b>31.12.21</b>
Profit attributable to owners of the parent (RM'000)	^	3,665	^	8,475
Weighted average number of issued ordinary shares ('000)	^	2,892,959	^	2,892,959
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)	^	3,549,995	^	3,549,995
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 31 December 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**

**Chuah Chong Ewe**

Managing Director

**Dated this 28th day of February 2023**