

# **MILUX CORPORATION BERHAD**

(Company No.313619-W)  
(Incorporated in Malaysia)

## **NOTES TO THE ACCOUNTS**

### **PART A – EXPLANATORY NOTES PURSUANT TO FRS 134**

#### **1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad..

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 August 2008.

#### **2. Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Financial Statements for the financial year ended 31 August 2008.

#### **3. Audit Qualifications**

There were no qualifications in the auditors’ report of the Group’s most recent financial statements ended 31 August 2008.

#### **4. Seasonal or Cyclical Factors**

Other than festive periods and national campaigns, the business operations of the Group are not materially affected by any seasonal or cyclical factors.

#### **5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no exceptional items or unusual events affecting assets, liabilities, equity, net income or cash flow of the Group during the interim financial period under review.

## 6. Changes In Estimates

There were no material changes in estimates that have a material effect in the current quarter.

## 7. Debt and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities during the current quarter.

## 8. Dividend Paid

On 28<sup>th</sup> November 2008, the Company paid an interim dividend of 3 sen per share less tax at 25% amounting to RM 953,487 for the financial year ended 31 August 2008 which was declared on 29<sup>th</sup> October 2008.

On 18<sup>th</sup> March 2009, the Company paid a final dividend of 4 sen per share less tax at 25% amounting to RM 1,271,316 for the financial year ended 31 August 2008.

## 9. Segmental Reporting

i) The Group's main business segments comprises the following:-

a) Home appliances

Manufacturer and dealer in household appliances and their related products.

b) Others

Investment holding and provision of management services

	<b>Revenue</b>	<b>Profit before Taxation</b>	
<b>By Activities</b>	<b>RM'000</b>	<b>RM'000</b>	
Manufacturing & Trading of household appliances	24,646	1,031	
Others	-	(2)	
	<hr/>	<hr/>	
	24,646	1,029	
	<hr/>	<hr/>	
<b>By Geographical Locations</b>			<b>Total Assets RM'000</b>
Malaysia operations	23,129	737	109,233
Overseas operations	1,517	292	5,470
	<hr/>	<hr/>	<hr/>
	24,646	1,029	114,703

**10. Valuation Of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 August 2008. Any addition to the property, plant and equipment are carried at cost less depreciation charge for the current quarter.

**11. Subsequent Material Event**

There were no material events subsequent to the current financial quarter ended 31 August 2009 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

**12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the Quarter under review.

**13. Contingent Liabilities**

The contingent liabilities of the Group as at 31 August 2009 comprised of corporate guarantees extended to financial institutions for Credit and Hire Purchase facilities granted to certain subsidiary companies which amounted to RM61.03 million. Of these, RM 30.58 million were utilized by these subsidiaries as at the same date.

**14. Capital Commitments**

Capital commitment as at 31 August 2009 were as follows:-

Authorised and contracted for: RM'000

Property, plant & equipment:

- Land 5,500

**PART B- ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS**

**1. Review of Performance of the Group**

The Group's revenue for the three months ended 31 Aug 2009 at RM24.646 million was 17.41% or RM5.196 million lower compared to that of the preceding year corresponding quarter revenue of RM29.842 million.

Profit before taxation for the three months ended 31 Aug 2009 amounted to RM 1.029 million compared to a profit before tax of RM 2.417 million recorded in the preceding year corresponding quarter.

The Group's revenue for the 12 months ended 31 August 2009 at RM112.16 million was 5.19% lower than that of the immediate preceding year's revenue of RM118.31 million. This was mainly attributed to the current world recession since a year ago.

Although the Group managed to maintain its gross profit margin for the 12 months ended 31 August 2009, the drop in revenue had resulted in a lower profit before taxation for the 12 months ended 31 August 2009 of RM 6.86 million compared to RM 8.93 million in the immediate preceding year.

**2. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter RM'000</b>	<b>Immediate Preceding Quarter RM'000</b>	<b>Difference %</b>
Revenue	24,646	22,338	10.33
Profit before taxation	1,029	1,034	(0.48)

For the quarter under review, the Group recorded a revenue of RM24.646 million as compared to a revenue of RM 22.338 million in the immediate preceding quarter. This represented an increase of 10.33% or RM2.308 million quarter-on-quarter.

Profit before taxation during the current quarter at RM1.029 million was lower by 0.48% compared to the immediate preceding quarter.

### 3. Commentary on Prospects

Although there are nascent signs of recovery in the world's largest economies, the business environment is still fragile. Consumer spending worldwide is not expected to improve substantially anytime soon.

As such, the Group will continue to improve its productivity and efficiency, to look for new market, and to remain competitive in the face of these uncertainties.

### 4. Variance of Actual Projects from Forecast Profit

Not applicable

### 5. Tax Expense

	<b>Current year to-date ended 31/08/09 RM'000</b>	<b>Preceding year to-date ended 31/08/08 RM'000</b>
Income taxation:		
Current period	1,819	1,865
(Under)/Over provision in prior years	-	-
Total	<u>1,819</u>	<u>1,865</u>

### 6. Sale of Unquoted Investments and/or Properties

There were no sales of any unquoted investment for the quarter under review.

### 7. Quoted Securities

There were no purchases or disposals of quoted securities made during the Quarter under review.

Investment in quoted shares at cost less allowances for diminution in value as at 31 Aug 2009 were as follows:

	<b>As at 28.08.09 RM</b>
Total investments at carrying value / book value	<u>6,350</u>
Total investments at market value at end of reporting period	<u>8,575</u>

## 8. Status of Corporate Proposals

The Company, through OSK Investment Bank Berhad, had made various announcements to Bursa Malaysia Berhad during the Quarter under review as follows:

On 3 August 2009, the Company announced to Bursa Malaysia Berhad that it proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company at an issue price to be fixed and to investors to be identified at a later stage after receipt of the approval from the relevant authorities for the Proposed Private Placement.

On 1 September 2009, the Company announced to Bursa Malaysia Berhad that the Ministry of International Trade and Industry had, vide their letter dated 21 August 2009, no objections on the Proposed Private Placement.

On 8 September 2009, the Company announced to Bursa Malaysia Berhad that Bursa Malaysia Securities Berhad had, vide their letter dated 4 September 2009, approved the listing and quotation of up to 4,237,719 new ordinary shares of RM1.00 each in Milux to be issued pursuant to the Proposed Private Placement subject to the conditions stated in the said announcement.

On 21 October 2009, the Company announced to Bursa Malaysia Berhad that the Board has fixed an issue price of RM1.11 per share for 4,237,700 placement shares. The issue price represents a discount of approximately 9.90% to the five (5)-day volume weighted average market price of Milux's shares up to and including 20 October 2009 of RM1.2320. This private placement exercise is proceeding as planned.

## 9. Group Borrowings and Securities

The Group's borrowing for the quarter ended 31 Aug 2009 were as follows:-

	<b>RM'000</b>
a) Secured and Unsecured Borrowings	
i) Secured	14,604
ii) Unsecured	<u>13,658</u>
	<u>28,262</u>
b) Hire Purchase Creditors	
i) Payable within the next twelve months	739
ii) Payable after the next twelve months	<u>1,583</u>
	<u>2,322</u>

## 10. Off Balance Sheet financial Instruments

There were no off balance sheet financial instruments entered into by the Group as at the date of this report

## 11. Material Litigation

Euro Uno Sales & Service Sdn Bhd, a wholly owned subsidiary of Milux Corporation Berhad had on 14<sup>th</sup> October 2009 entered into a consent judgement with the plaintiff with regards to Kuala Lumpur High Court Civil suit No. D5 (IP)-22-1654-08. under which Euro Uno Sales & Service Sdn Bhd had agreed and paid the cost of RM40,000.00.

## 12. Dividend Payable

No interim dividend has been declared for the current quarter under review.

## 13. Earnings Per Share

The basic earnings per share attributed to equity holders of the parent had been calculated by dividing the Group's net profit for the period attributable to equity holders of the parent by the number of ordinary shares in issue during the period.

	Individual Current Year Quarter	Cumulative Current Year Todate
Net Profit for the period (RM'000)	782	5,041
Weighted average number of Ordinary shares of RM1.00 each in Issue ('000)	42,377	42,377
Basic Earnings Per Share based on adjusted weighted average number of Ordinary shares of RM1.00 each in issue ( '000)	1.85	11.90

Dated : 28 Oct 2009