

# 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 the applicable disclosure provisions laid down in Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing an interim financial report in conformance with FRS 134, management is required to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses on a year to date basis. Hence, actual results may differ from these estimates.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2009. The selected 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 30 November 2009. The condensed consolidated interim financial statements and notes therein do not include all of the information required for full set of annual financial statements prepared in accordance with FRSs

#### **2. Changes in accounting policies**

Except for the adoption of FRS 8, *Operating Segments* which is effective for annual accounting period beginning on 1 July 2009, the interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

As FRS 8 only impacts the presentation and disclosure aspects, its adoption has no financial impact on the Group.

**3. Audit qualifications**

There were no audit qualifications in the auditors' report of the Group's most recent financial statements ended 31 August 2009.

**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. Material changes in estimates**

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

**7. Issuances, cancellations, repurchases, resale and repayment of debts and equity securities**

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

**8. Dividends paid**

There was no dividend paid during the current quarter under review.

**9. Segmental information**

Quarter ended 30 November 2009

	<b>Manufacturing</b>	<b>Trading &amp; others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	6,528	14,193	20,721
Inter-segment revenue	7,273	3,700	10,973
Profit/(loss) before tax	1,115	378	1,493

Quarter ended 30 November 2008

	<b>Manufacturing</b>	<b>Trading &amp; others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	10,995	18,240	29,235
Inter-segment revenue	8,211	6,164	14,375
Profit/(loss) before tax	1,668	817	2,485

#### **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 2009. 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 30 November 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 30 November 2009 comprised of corporate guarantees extended to financial institutions for banking and hire purchase facilities granted to certain subsidiary companies which amounted to RM61.03 million. Of these, RM 27.97 million were utilized by these subsidiaries as at the same date ( 2008 - RM 28.20 million ).

#### **14. Capital Commitments**

Capital commitment as at 30 November 2009 were as follows:-

Authorised and contracted for:	RM'000
Property, plant & equipment:	
- Land	<u>5,500</u>

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

**1. Review of performance**

The Group recorded a lower turnover of RM 20.72 million for the current quarter under review compared to RM 29.24 million recorded in the preceding year's corresponding quarter.

Profit before taxation for the period under review amounted to RM 1.493 million compared to a profit before tax of RM 2.485 million achieved in the preceding year's corresponding quarter.

The dampened economic sentiment worldwide has affected the Group's turnover which resulted in a reduction in the pre-tax profit during the quarter under review.

**2. Comparison with immediate preceding quarter's results**

For the quarter under review, the Group recorded a revenue of RM20.72 million as compared to a revenue of RM24.65 million in the immediate preceding quarter.

Profit before taxation during the current quarter at RM1.493 million was higher compared to the immediate preceding quarter's pre-tax profit of RM1.03 million mainly due to higher gross margins achieved.

**3. Commentary on Prospects**

The Group had on 11<sup>th</sup> June 2009 and 14<sup>th</sup> December 2009 announced the contracts for the supply of regulators and rubber hoses for the sums of USD26.37 million and USD75.35 million respectively to various buyers in Indonesia. The management has visited the Indonesian parties numerous times to re-affirm the contracts. As at todate, no delivery has been made.

The Group hopes to capitalize on the anticipated gradual recovery in the global economy going into 2010 by stepping up its marketing activities in the export market. Barring any unforeseen circumstances, the Group hopes to improve its performance in the coming quarters.

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

Not applicable

## 5. Tax expense

	3 months ended 30 November		3 months ended 30 November	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income taxation:				
Malaysian-current	352	461	352	461
Overseas-current	-	-	-	-
	<u>352</u>	<u>461</u>	<u>352</u>	<u>461</u>

The effective tax rate for the financial year-to-date is slightly lower than the statutory tax rate due to the availability of tax allowances to set-off against current period profit of certain subsidiaries.

## 6. Sale of unquoted investments and/or properties

There were no sales of any unquoted investment and/or properties 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 30 November 2009 were as follows:

	As at 30.11.09 RM
Total investments at carrying value / book value	<u>8,600</u>
Total investments at market value at end of reporting period	<u>11,300</u>

## 8. Status of uncomplete corporate proposals

There are no outstanding uncompleted corporate proposals as at the date of this quarterly report.

## 9. Group borrowings and debt securities

	<b>30.11.09</b>	<b>30.11.08</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Secured and Unsecured Borrowings		
i) Secured	14,257	13,403
ii) Unsecured	<u>11,826</u>	<u>16,847</u>
	<u>26,083</u>	<u>30,250</u>
b) Hire Purchase Creditors		
i) Payable the next twelve months	856	318
ii) Payable after next twelve months	<u>1,670</u>	<u>700</u>
	<u>2,526</u>	<u>1,018</u>

## 10. Off balance sheet financial instruments

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

## 11. Material litigation

The Group has no outstanding material litigation as at the date of this quarterly report.

## 12. Dividends

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

## 13. Earnings Per Share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company 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)	1,086	1,086
Weighted average number of Ordinary shares of RM1.00 each in Issue ('000)	46,615	46,615
Basic Earnings Per Share based on adjusted weighted average number of Ordinary shares of RM1.00 each in issue ('000)	2.33	2.33

Dated : 28 January 2010