

MILUX CORPORATION BERHAD (313619-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Individual Quarter		Cumulative Period	
		Current year quarter 30/06/2017 RM'000	Preceding year quarter 30/06/2016 RM'000	Current year to date 30/06/2017 RM'000	Preceding year to date 30/06/2016 RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	A8	21,938	19,178	40,597	35,662
Cost of Sales		(17,516)	(15,274)	(32,463)	(28,662)
Gross Profit		4,422	3,904	8,134	7,000
Other income		103	131	788	250
Administration and general expenses		(2,764)	(2,969)	(5,971)	(5,432)
Selling and distribution expenses		(1,313)	(1,283)	(3,119)	(2,329)
Finance expenses		(129)	(60)	(246)	(110)
Share of loss of a joint venture (net of tax)		(3)	-	(4)	-
Profit/(Loss) before tax	A8	316	(277)	(418)	(621)
Tax Expenses	B5	74	(38)	43	(189)
Profit/(Loss) for the period	B12	390	(315)	(375)	(810)
Other Comprehensive Income		3	(1)	6	(2)
Total Comprehensive profit/(loss) for the period		393	(316)	(369)	(812)
Profit/(Loss) attributable to:					
Owners of the parent		390	(315)	(375)	(810)
Non-controlling Interest		-	-	-	-
		390	(315)	(375)	(810)
Total Comprehensive profit/(loss) attributable to:					
Owners of the parent		393	(316)	(369)	(812)
Non-controlling Interest		-	-	-	-
		393	(316)	(369)	(812)
Earnings/(Loss) per share attributable to owners of the parent	B10				
- Basic (sen)		0.72	(0.58)	(0.69)	(1.49)
- Diluted (sen)		N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and Annual Financial Report for year ended 31 December 2016.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	UNAUDITED AS AT 30 Jun 2017 RM'000	AUDITED AS AT 31 Dec 2016 RM'000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	7,894	7,941
Investment Properties	355	361
Investment in a joint venture	245	249
Other Investments	50	44
Goodwill on consolidation	222	222
	<u>8,766</u>	<u>8,817</u>
Current Assets		
Inventories	22,746	21,675
Trade and Other Receivables	B13 22,104	21,302
Fixed deposits with licensed banks	3,254	4,137
Cash & Bank Balances	4,436	4,377
	<u>52,540</u>	<u>51,491</u>
TOTAL ASSETS	<u>61,306</u>	<u>60,308</u>
EQUITY AND LIABILITIES		
Share Capital	54,411	54,411
Reserves	(9,394)	(9,025)
Total equity attributable to the owners of the parent	45,017	45,386
Non-controlling Interest	-	-
Total Equity	<u>45,017</u>	<u>45,386</u>
Non Current Liabilities		
Deferred tax liabilities	203	277
Long-term borrowings	B7 983	792
	<u>1,186</u>	<u>1,069</u>
Current Liabilities		
Trade and Other Payables	8,664	8,916
Bank Borrowings	B7 5,992	4,682
Taxation	447	255
	<u>15,103</u>	<u>13,853</u>
Total Liabilities	<u>16,289</u>	<u>14,922</u>
TOTAL EQUITY AND LIABILITIES	<u>61,306</u>	<u>60,308</u>
Net Assets Per Share attributable to owners of the parent (RM)		
	0.83	0.83

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and Annual Financial Report for the year ended 31 December 2016.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

-----Attributable to owners of the parent----->
 <----- Non-Distributable ----->

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	(Accumulated Losses)/Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total RM'000
Unaudited								
<u>6-months ended 30 June 2016</u>								
At 31 December 2015/								
1 January 2016	54,411	1,173	-	2	(7,535)	48,051	-	48,051
Loss after taxation	-	-	-	-	(810)	(810)	-	(810)
Other comprehensive income	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive loss	-	-	-	(2)	(810)	(812)	-	(812)
As at 30 June 2016	54,411	1,173	-	-	(8,345)	47,239	-	47,239
Unaudited								
<u>6-months ended 30 June 2017</u>								
At 31 December 2016/								
1 January 2017	54,411	1,173	-	2	(10,200)	45,386	-	45,386
Loss after taxation	-	-	-	-	(375)	(375)	-	(375)
Other comprehensive income	-	-	-	6	-	6	-	6
Total comprehensive income/ (loss) for the period	-	-	-	6	(375)	(369)	-	(369)
As at 30 June 2017	54,411	1,173	-	8	(10,575)	45,017	-	45,017

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and Annual Financial Report for year ended 31 December 2016.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	6 months ended 30/06/2017 RM'000	6 months ended 30/06/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(loss) before income tax	(418)	(621)
Adjustments for :-		
Depreciation	628	661
Fixed Asset written off	1	155
(Gain)/loss on disposal of property, plant and equipment	(185)	8
Impairment loss on receivables	255	2
Provision for warranty cost	107	97
Provision for contingent liability	-	324
Share of loss in joint venture	4	-
Unrealised loss/(gain) on forex	503	(7)
Write back of Impairment loss on trade receivables no longer required	(178)	-
Write back of allowance for slow moving inventories no longer required	-	(277)
Interest expenses	246	110
Interest income	(69)	(95)
Operating Profit Before Working Capital Changes	894	357
Changes in working capital		
Inventories	(1,071)	1,542
Receivables	(1,639)	(2,866)
Payables	(642)	(641)
Cash Generated From Operations	(2,458)	(1,608)
Interest paid	(111)	-
Income tax refunded	185	-
Income tax paid	(164)	(1,214)
GST refunded	880	564
GST paid	(171)	(121)
Warranty paid	(28)	(13)
Net cash from operating activities	(1,867)	(2,392)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	69	95
Net (placement)/withdrawal of Fixed Deposits	890	2,037
Proceeds from disposal of property, plant & equipment	213	5
Purchase of unit trust	(1)	(1)
Purchase of property, plant and equipment	(603)	(729)
Net cash (used in)/from investing activities	568	1,407
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(135)	(110)
Net proceeds/(repayment) of Banker Acceptance	(275)	93
Net proceeds/(repayment) of hire purchase facilities	265	(28)
Net cash from/(used in) financing activities	(145)	(45)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,444)	(1,030)
CASH AND CASH EQUIVALENT AT BEGINNING	4,100	5,730
CASH AND CASH EQUIVALENTS AT END	2,656	4,700
Represented by		
Fixed Deposits with licensed banks	3,254	4,748
Cash and bank balances	4,436	3,655
Bank overdraft	(2,849)	-
Fixed Deposits with maturity of more than 3 months	(2,185)	(3,703)
	2,656	4,700

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the the accompanying explanatory notes attached to the interim Financial Statements and Annual Financial Report for year ended 31 December 2016.

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Notes to interim financial report

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and the applicable disclosure provisions laid down in 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 December 2016 and the accompanying notes attached to these interim financial statements. Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries.

The significant accounting policies adopted by the Group in this Report are consistent with those adopted in the Audited Financial Statements of the Group for the financial period ended 31 December 2016 except for the adoption of the following New/Revised MFRSs and Amendments to MFRSs that became effective for annual period beginning on or after 1 January 2017 as follows:

Effective for annual financial periods beginning on or after 1 January 2017:

Amendments to MFRS 12, *Disclosure of Interest in Other Entities* *;

Amendments to MFRS 107, *Disclosure Initiative*;

Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*.

The initial application of the abovementioned standards, amendments and interpretations did not have material impact on this interim financial reporting.

The Group has not adopted the following Standards and Amendments issued by the Malaysian Accounting Standards Board [“MASB”] which are not yet effective.

Effective for annual financial periods beginning on or after 1 January 2018:

MFRS 9, *Financial Instruments*;

MFRS 15, *Revenue from Contracts with Customers and Clarifications to MFRS 15*;

Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* *;

Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*;

Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*;

Amendments to MFRS 128, *Investments in Associates and Joint Ventures* *;

Amendments to MFRS 140, *Transfers of Investment Property*;

IC Interpretations 22, *Foreign Currency Transactions and Advance Consideration*.

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A1. Basis of preparation (cont'd)

Effective for annual financial periods beginning on or after 1 January 2019:
MFRS 16, *Leases*.

Effective for a date yet to be confirmed:
Amendments to MFRS 10 and MFRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

*Annual improvements to MFRS Standards 2014-2016 Cycle.

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material impact to the financial statements of the Group and the Company upon their initial application except MFRS 9 and MFRS 15 and MFRS 16.

A2. Audit qualification

The preceding year annual financial statements of the Group were not subject to any qualification by its Auditors.

A3. Seasonal or cyclical factors

The Group's sales are generally dependent on the Malaysian economy and consumer confidence and are normally enhanced prior to festive seasons.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group in the quarterly financial statements under review.

A5. Material changes in estimates

There were no material changes in estimates in the quarterly financial statements under review.

A6. Issuances, cancellation, repurchase, resale and repayment of debts and equity securities

There were no issuances, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review.

A7. Dividends paid

No dividends were paid during the current quarter under review.

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A8. Segmental information

The main business segments of the Group comprise the following :

Home appliances	-Manufacturer and dealer in household appliances and their related products.
Others	-Investment holding and provision of management services and rental income.

Segment information in respect of the Group's business segments for the period under review is as follows:

Information on reportable segments

Segment Assets and Liabilities as at 30 June 2017

	Home appliances	Others	Elimination	Total
	RM '000	RM '000	RM '000	RM '000
<u>Assets</u>				
Segment assets	66,111	8,882	(21,741)	53,252
Tax recoverable	330	34	-	364
Deferred tax asset	-	-	-	-
Deposits, cash and bank balances	7,099	591		7,690
Total Assets	73,540	9,507	(21,741)	61,306
<u>Liabilities</u>				
Segment Liabilities	94,244	2,291	(87,871)	8,664
Taxation	446	1	-	447
Deferred tax liabilities	203	-	-	203
Loan and borrowings	6,975	-	-	6,975
Total Liabilities	101,868	2,292	(87,871)	16,289

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A8. Segmental information (cont'd)

	Quarter ended 30-Jun-17 RM '000	Quarter ended 30-Jun-16 RM '000	YTD ended 30-Jun-17 RM '000	YTD ended 30-Jun-16 RM '000
<u>External Revenue</u>				
Home appliances	21,938	19,178	40,597	35,662
Others	-	-	-	-
	21,938	19,178	40,597	35,662
<u>Inter-segment</u>				
Home appliances	984	1,684	2,195	3,274
Others	151	151	301	301
Elimination	(1,135)	(1,835)	(2,496)	(3,575)
	-	-	-	-
Total Revenue	21,938	19,178	40,597	35,662
<u>Segment Results</u>				
Home appliances	486	186	(656)	(21)
Others	(144)	(534)	(304)	(740)
	342	(348)	(960)	(761)
<u>Other Income</u>				
Home appliances	59	69	704	124
Others	6	6	15	31
	65	75	719	155
<u>Interest expense</u>				
Home appliances	(129)	(60)	(246)	(110)
Others	-	-	-	-
	(129)	(60)	(246)	(110)
<u>Interest income</u>				
Home appliances	30	48	61	87
Others	8	8	8	8
	38	56	69	95
<u>Profit/(loss) before taxation</u>				
Home appliances	446	243	(137)	80
Others	(130)	(520)	(281)	(701)
	316	(277)	(418)	(621)

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A8. Segmental information (cont'd)

	Quarter ended 30-Jun-17 RM '000	Quarter ended 30-Jun-16 RM '000	YTD ended 30-Jun-17 RM '000	YTD ended 30-Jun-16 RM '000
<u>Tax expenses</u>				
Home appliances	74	(37)	44	(187)
Others	-	(1)	(1)	(2)
	74	(38)	43	(189)
Profit/(loss) for the period				
Home appliances	520	206	(93)	(107)
Others	(130)	(521)	(282)	(703)
	390	(315)	(375)	(810)
Fair Value gain/(loss) on Available for sale financial asset	3	(1)	6	(2)
Total Comprehensive profit/(loss) for the period	393	(316)	(369)	(812)

A9. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Material subsequent events

There were no material events subsequent to the current financial quarter ended 30 June 2017 up to the date of this interim financial report which is likely to substantially affect the results of the operations of the Group.

A11. Changes in the composition of the Group

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

A12. Contingent liabilities

The Company has extended its corporate guarantees to financial institution for banking facilities granted by them to certain subsidiaries which amounted to RM13.02 million as at 30 June 2017. The contingent liabilities of the company pertaining to the facilities utilised by its subsidiaries as at 30 June 2017 amounted to RM5.83 million.

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A12. Contingent liabilities (cont')

Pansprint Consolidated Sdn. Bhd. ("PCSB"), a wholly owned subsidiary of the Company has a contingent liability of RM324,495.60 arising from a suit filed by Fong Kah Heng Trading ("FKH"), details of which are spelled out under Note B8, Material Litigation.

A13. Capital commitments

Material commitments not provided for in the financial statements as at 30 June 2017 are as follows:

	As at 30 June 2017 RM'000
Advance for working capital to Phoenix Pentagon Sdn. Bhd.	<u>60</u>

A14. Related party disclosures

Save as disclosed below, there is no significant transaction entered into between the Group and other related parties during the Quarter under review.

Transactions with other related parties during the Quarter ended 30 June 2017:

	Quarter ended 30-Jun-17 RM '000	Quarter ended 30-Jun-16 RM '000	YTD ended 30-Jun-17 RM '000	YTD ended 30-Jun-16 RM '000
Salaries paid to persons connected to certain directors	<u>26</u>	<u>21</u>	<u>56</u>	<u>34</u>

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PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITY BERHAD LISTING REQUIREMENTS

B1. Review of Performance

	Individual Quarter			Cumulative Period		
	Current Year Quarter	Preceding Year Correspond- ing Quarter	Changes (%)	Current Year To-date	Preceding Year Correspond- ing Quarter	Changes (%)
	30-06-17	30-06-16		30-06-17	30-06-16	
	RM'000	RM'000		RM'000	RM'000	
Revenue	21,938	19,178	14.4%	40,597	35,662	13.8%
Profit/(loss) before						
Interest and Tax	445	(217)	305.1%	(172)	(511)	66.3%
Profit/(loss) before tax	316	(277)	214.1%	(418)	(621)	32.7%
Profit/(loss) after tax	390	(315)	223.8%	(375)	(810)	53.7%

For the quarter under review, the Group posted a higher net revenue of RM21.9 million compared to RM19.2 million in the preceding year corresponding quarter. This represents an increase of 14.4%. The increase was due to higher revenue from the manufacturing operation which amounted to RM9.7 million compared to RM9.1 million in the preceding year corresponding quarter, an increase of 6.6%. This was due to higher export sales which increased by 9.5% to RM5.5 million while local sales increased by a marginal 2.0% to RM4.2 million. Meanwhile revenue from the trading operation increased by 22.0% to RM12.2 million from RM10.0 million. The higher revenue for the trading operation compared to the preceding year corresponding quarter was due to a wider product range being carried by the trading operation. The Group's year-to-date revenue increased to RM40.6 million from RM35.7 million in the preceding year corresponding period, an increase of 13.8% due to higher export sales from the manufacturing operation and local sales from the trading operation.

The Group returned to the black during the quarter under review with a profit before tax ("PBT") of RM0.32 million compared to a loss before tax ("LBT") of RM0.28 million in the preceding year corresponding quarter. The Home appliances segment recorded a PBT of RM0.45 million while the Investment Holding and dormant companies segment (classified as "Others" in Note A8) recorded a LBT of RM0.13 million. The return to profitability during the quarter under review was due to higher revenue and lower operating expenses. Operating expenses for the quarter under review amounted to RM4.08 million compared to RM4.25 million, a reduction of 4.0%. Year to-date, the Group recorded a LBT of RM0.42 million compared to LBT of RM0.62 million in the preceding year corresponding period.

The Group recorded a profit after tax ("PAT") of RM0.39 million for the quarter compared to a loss after tax ("LAT") of RM0.32 million in the preceding year corresponding quarter. During

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B1. Review of Performance (cont'd)

the quarter, the Group wrote back RM0.16 million being Real Property Gains Tax refunded by Inland Revenue Board.

B2. Comparison with immediate preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Percentage Changes (%)
	30-06-17	31-03-17	
	RM'000	RM'000	
Revenue	21,938	18,659	17.6%
Profit/(loss) before			
Interest and Tax	445	(617)	172.1%
Profit/(loss) before tax	316	(734)	143.1%
Profit/(loss) after tax	390	(765)	151.0%

Compared to the immediate preceding quarter, Group revenue was 17.6% higher at RM21.9 million. The higher revenue was attributed to higher contribution from the trading operation due to the Hari Raya festive season. The trading operation's revenue increased by 34.0% to RM12.2 million from RM9.1 million in the immediate preceding quarter. Revenue for the manufacturing operation meanwhile increased by a marginal 1.0% to RM9.7 million from RM9.6 million due to export sales decreasing by 13.5% although its local sales increased by 30.0%.

The Group recorded a PBT and PAT of RM0.32 million and RM0.39 million respectively for the quarter under review compared to a LBT and LAT of RM0.73 million and RM0.77 million respectively in the immediate preceding quarter. The return to profitability was due to higher revenue and lower operating expenses, in particular lower advertising and promotion expenses incurred during the quarter compared to the immediate preceding quarter.

B3. Commentary on current year prospect

The remainder two Quarters of 2017 is expected to be challenging for the Group due to a tough domestic market environment with consumers generally remaining cautious in their spending which will have an impact on the Group's revenue. However, the Group expects Quarter 4 to be a better quarter due to seasonal effect. The Group will continue to focus on strengthening its operational and cost efficiency so as to improve its financial performance in the remaining Quarters of the financial year ending 31 December 2017.

B4. Variance of actual and revenue or profit estimate

The Company has not announced or disclosed any revenue or profit estimate, forecast, projection or internal targets for the Group for the quarter under review.

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B5. Taxation

	Quarter ended 30-06-17 RM '000	Quarter ended 30-06-16 RM '000	YTD ended 30-06-17 RM '000	YTD ended 30-06-16 RM '000
Current year tax expense	134	121	193	143
RPGT	(161)	-	(161)	-
Prior year	-	(9)	-	(9)
Deferred taxation	(47)	(74)	(75)	55
	<u>(74)</u>	<u>38</u>	<u>(43)</u>	<u>189</u>

The effective tax rate of the Group for the current quarter under review was higher than the Malaysian tax rate due to losses incurred by certain subsidiaries of the Group.

B6. Status of corporate proposals announced by the Company

There were no corporate proposals announced that remained uncompleted as at the date of this announcement.

B7. Group borrowings and debt securities

Secured bank borrowings are secured by fixed charges over the land and building owned by certain subsidiary companies and are guaranteed by the Company. The Group have not issued any debt securities.

The total Group borrowings and the weighted average effective interest rate as at the 30 June 2017 are as follows:

	As at 30 June 2017			As at 30 June 2016		
	WAEIR %	Short term Borrowing RM '000	Long term Borrowing RM '000	WAEIR %	Short term Borrowing RM '000	Long term Borrowing RM '000
<u>Secured</u>						
Hire-Purchase	4.83	286	983	4.48	136	121
Bank overdraft	8.71	2,849	-	-	-	-
Bankers' acceptance	6.44	2,857	-	6.50	3,232	-
Total		<u>5,992</u>	<u>983</u>		<u>3,368</u>	<u>121</u>

The increase in borrowings as at 30 June 2017 was mainly due to the utilization of bank overdraft to fund the increased working capital requirement of the Group arising from increased sales.

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B8. Material litigation

Pansprint Consolidated Sdn. Bhd. ("Pansprint")

On 26 July 2016, the Board of Directors announced that the Company's wholly-owned subsidiary, Pansprint had on 25 July 2016 been served with a Writ of Summon and Statement of Claim ("Writ of Summon") in relation to a claim filed by Fong Kah Heng Trading ("FKH Trading"). The Writ of Summon is for Pansprint to pay RM 324,495.60, interest at a rate of 5% per annum on the sum of RM 324,495.60 from the date of Writ of Summon until date of full settlement, cost of filing of Writ of Summon and any other amount deemed fit by Kuantan Session Courts.

The Kuantan Session Court ("KSC") has fixed the case management on 9 August 2016.

On 10th August 2016, the Board of Directors announced that the KSC in its hearing on 9 August 2016 fixed the following:

- (i) 17th August, 2016 for the filing of the Defendants' Defence;
- (ii) 1st September, 2016 for the filing of Plaintiff's Reply, if any; and
- (iii) 6th September, 2016 for case management

On 9 November 2016, the Board of Directors announced that the case has been transferred from the KSC to the Shah Alam Sessions Court ("SASC") and was registered under a new suit no. BA-B52NCVC-412-11/2016 pursuant to the KSC Order dated 28 September 2016 and that the case management has been schedule to be held on 6 December 2016 at SASC.

The SASC in its hearing on 6 December 2016 fixed 20 December 2016 for the hearing of further directions in setting the matter for trial.

On 20 December 2016, the SASC in its hearing set 25 January 2017 for the next case management.

On 25 January 2017, the SASC in its hearing fixed 28 February 2017 for the next case management and simultaneously fixed 21 March 2017 for mediation to be held at the Selangor Mediation Centre, Sultan Salahuddin Abdul Aziz Shah Courthouse, Shah Alam, Selangor Darul Ehsan.

On 21 March 2017, the SASC in its hearing fixed the next case management and continuation of mediation on 27 April 2017.

On 27 April 2017, the SASC fixed 6 June 2017 for the filing of the Common Bundle of Documents, the Bundle of Pleadings, the Agreed Facts, the Issues to be Tried and Summary of Case in the process for setting the case down for Full Trial.

On 6 June 2017, the SASC fixed 5 July 2017 for the next case management.

On 5 July 2017, the SASC fixed 26 July 2017 for the next case management.

On 26 July 2017, the SASC fixed 25 September 2017 for the next case management and 9 October 2017 and 10 October 2017 for Full Trial.

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B8. Material litigation (cont'd)

Enamel Products Sdn. Bhd. ("EPSB")

On 18 August 2016, the Board of Directors announced that the Company's wholly-owned subsidiary, EPSB had been served with a Writ of Summon and Statement of Claim ("Writ of Summon") on 17 August 2016 evening in relation to a claim file by Tenaga Nasional Berhad ("TNB"). The Writ of Summon is in respect of TNB's claim for alleged loss suffered by TNB for the period between 12 May 2008 to 29 May 2012 amounting to RM793,358.71, interest at 5% per annum from the date of judgement until date of full settlement, cost of filing of Writ of Summon and any other amount deemed fit by the Magistrate Court.

EPSB had in reply written to TNB's solicitors with a proposed settlement of the claim.

TNB via its solicitors had on 18 October 2016 replied to EPSB's letter with a settlement proposal which the Company has rejected. The Company's counter proposal to TNB on 1 November 2016 was rejected by TNB.

The Case has been fixed for mentioned on 29 November 2016 by the Butterworth Magistrate Court ("BMC").

At the 29 November 2016 case management, the BMC fixed 3 January 2017 for the next case management.

At the 3 January 2017 case management, BMC fixed 3 February 2017 for parties to finalise the court bundles and 14 February 2017 for case management.

At the 14 February 2017 case management, BMC fixed 4 April 2017 for hearing of the case.

At the 4 April 2017 hearing, BMC adjourned the case to 8 May 2017 for continued hearing as only partial examination of the plaintiff's witnesses were completed during the hearing.

At the 8 May 2017 hearing, after having examined a plaintiff's witness, BMC adjourned the case to 30 May 2017 for continued hearing.

The case was adjourned to 7 June 2017 at the case management hearing on 30 May 2017.

On 7 June 2017, the Company accepted a settlement proposal from the TNB for a fifteen (15%) per-centum discount on the sum claimed of RM793,358.71 and RM5,000.00 as cost of proceeding. The total amount of RM674,354.90 after the discount is to be paid by EPSB to TNB over twelve (12) monthly instalments of RM56,196.24 each with the first instalment commencing on 15 June 2017.

This amount has been fully provided for during financial year ended 31 December 2015.

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B9. Dividends

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

B10. Earnings/(loss) per share

The basic earnings/(loss) per share has been calculated by dividing the Group's earnings/(loss) for the period by the weighted average number of ordinary shares in issue during the period. There is no dilutive effect on earnings/(loss) per share as the Company has no potential issues of ordinary shares.

i) Profit/(loss) for the quarter/period (basic)

	Quarter ended 30-Jun-17 RM '000	Quarter ended 30-Jun-16 RM '000	YTD ended 30-Jun-17 RM '000	YTD ended 30-Jun-16 RM '000
Profit/(Loss) attributable to owners of the parent	390	(315)	(375)	(810)

ii) Number of ordinary shares (basic)

	Quarter ended 30-Jun-17 RM '000	Quarter ended 30-Jun-16 RM '000	YTD ended 30-Jun-17 RM '000	YTD ended 30-Jun-16 RM '000
Weighted average number of ordinary shares ('000)	54,411	54,411	54,411	54,411
Basic earnings/(loss) per share (sen)	0.72	(0.58)	(0.69)	(1.49)

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B11. Disclosure of realised and un-realised retained profit/(loss)

The breakdown of (accumulated losses)/retained profits as at reporting date is as follows:

	As at 30 June 2017 RM '000	As at 31 December 2016 RM '000
Total (accumulated losses)/retained profits of the Company and its subsidiaries		
- Realised	(90,405)	(90,541)
- Unrealised	(954)	(80)
	<u>(91,359)</u>	<u>(90,621)</u>
Total share of (accumulated losses)/ retained profits of jointly controlled entities		
- Realised	(4)	(3)
- Unrealised	-	-
Less: Consolidated adjustments	<u>80,788</u>	<u>80,424</u>
Total (accumulated losses)/retained profits as at 30 June/ December	<u><u>(10,575)</u></u>	<u><u>(10,200)</u></u>

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B12. Profit/(loss) for the period

	Quarter ended 30-Jun-17 RM '000	Quarter ended 30-Jun-16 RM '000	YTD ended 30-Jun-17 RM '000	YTD ended 30-Jun-16 RM '000
Profit /(Loss) before taxation is arrived at after charging/(crediting)				
Depreciation	312	323	628	661
(Gain)/Loss on disposal of property, plant & machinery (net)	(121)	8	(185)	8
Interest expense	129	60	246	110
Interest income	(38)	(56)	(69)	(95)
Impairment loss on trade receivables	102	-	255	-
Impairment loss on trade receivables no longer required	(5)	-	(178)	-
Impairment for slow moving inventories no longer required	-	(277)	-	(277)
Provision for potential liability	-	324	-	324
Provision for warranty	61	52	107	97
Property, plant & equipment written-off	1	155	1	155
Realised foreign exchange (gain)/loss (net)	95	264	(213)	353
Unrealised foreign exchange (gain)/loss (net)	106	(9)	503	(7)

B13. Trade Receivables

The Group's trade receivables as at 30 June 2017 are as follow:

	As at	
	30-Jun-17 RM'000	31-Dec-16 RM'000
Trade Receivables:		
Third parties	20,595	19,472
Allowance for impairment loss	(966)	(890)
	<u>19,629</u>	<u>18,582</u>

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B13. Trade Receivables (cont'd)

The Group typically gives the existing customers credit terms that range from 30 to 120 days.

The Group's ageing analysis of trade receivables as at 30 June 2017 are as follows:

	As at 30 Jun 2017 RM'000
Classification	
1 - 30 days	7,114
31 - 60 days	6,997
61 - 90 days	3,654
91 - 120 days	1,199
121 - 150 days	202
Over 150 days	1,429
	<hr/> 20,595
Less: Allowance for impairment loss	(966)
	<hr/> <hr/> <u>19,629</u>

Dated: 22 August 2017