

MILUX CORPORATION BERHAD (313619-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

| | | Individual Quarter | | Cumulative Period | |
|--|-----|--------------------|----------------|-------------------|----------------|
| | | Current year | Preceding year | Current year | Preceding year |
| | | quarter | quarter | to date | to date |
| | | 30/06/2018 | 30/6/2017 | 30/06/2018 | 30/6/2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| | | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenue | A8 | 20,426 | 21,938 | 38,756 | 40,597 |
| Cost of Sales | | (15,985) | (17,516) | (30,753) | (32,463) |
| Gross Profit | | 4,441 | 4,422 | 8,003 | 8,134 |
| Other income | | 427 | 103 | 785 | 788 |
| Administration and general expenses | | (2,670) | (2,764) | (5,668) | (5,971) |
| Selling and distribution expenses | | (1,452) | (1,313) | (3,040) | (3,119) |
| Finance expenses | | (108) | (129) | (235) | (246) |
| Share of loss of a joint venture (net of tax) | | (1) | (3) | (2) | (4) |
| Profit/(Loss) before tax | A8 | 637 | 316 | (157) | (418) |
| Tax Expenses | B5 | 112 | 74 | 121 | 43 |
| Profit/(Loss) for the period | B11 | 749 | 390 | (36) | (375) |
| Other Comprehensive Income/(expense) | | - | 3 | (2) | 6 |
| Total Comprehensive income/(expense) for the period | | 749 | 393 | (38) | (369) |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the parent | | 749 | 390 | (36) | (375) |
| Non-controlling Interest | | - | - | - | - |
| | | 749 | 390 | (36) | (375) |
| Total Comprehensive income/(expense) attributable to: | | | | | |
| Owners of the parent | | 749 | 393 | (38) | (369) |
| Non-controlling Interest | | - | - | - | - |
| | | 749 | 393 | (38) | (369) |
| Earnings/(Loss) per share attributable to owners of the parent | | | | | |
| - Basic (sen) | B10 | 1.38 | 0.72 | (0.07) | (0.69) |
| - Diluted (sen) | B10 | 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 2017.

MILUX CORPORATION BERHAD (313619-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

| | UNAUDITED AS AT 30 Jun 2018 RM'000 | AUDITED AS AT 31 Dec 2017 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant & Equipment | 7,493 | 7,564 |
| Investment Properties | 342 | 348 |
| Investment in a joint venture | 241 | 243 |
| Other Investments | 48 | 49 |
| Goodwill on consolidation | 222 | 222 |
| | 8,346 | 8,426 |
| Current Assets | | |
| Inventories | 22,559 | 22,912 |
| Trade and Other Receivables | B12 21,721 | 22,225 |
| Fixed deposits with licensed banks | 3,345 | 3,288 |
| Cash & Bank Balances | 3,961 | 3,914 |
| | 51,586 | 52,339 |
| TOTAL ASSETS | 59,932 | 60,765 |
| EQUITY AND LIABILITIES | | |
| Share Capital | 54,411 | 54,411 |
| Reserves | (10,119) | (9,860) |
| Total equity attributable to the owners of the parent | 44,292 | 44,551 |
| Non-controlling Interest | - | - |
| Total Equity | 44,292 | 44,551 |
| Non Current Liabilities | | |
| Deferred tax liabilities | 197 | 122 |
| Long-term borrowings | B7 814 | 978 |
| | 1,011 | 1,100 |
| Current Liabilities | | |
| Trade and Other Payables | 9,138 | 8,828 |
| Bank Borrowings | B7 5,445 | 6,172 |
| Taxation | 46 | 114 |
| | 14,629 | 15,114 |
| Total Liabilities | 15,640 | 16,214 |
| TOTAL EQUITY AND LIABILITIES | 59,932 | 60,765 |
| Net Assets Per Share attributable to owners of the parent (RM) | 0.81 | 0.82 |

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 2017.

MILUX CORPORATION BERHAD (313619-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

| | <-----Attributable to owners of the parent-----> | | | | | | | |
|---|--|------------------|------------------------|-----------------------|-----------------------|--------|-----------------------------|--------|
| | <----- Non-Distributable -----> | | | | | | | |
| | Share Capital | Share Premium | Revaluation Reserve | Fair Value Reserve | Accumulated Losses | Total | Non-Controlling Interest | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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/ (expense) | - | - | - | 6 | (375) | (369) | - | (369) |
| As at 30 June 2017 | 54,411 | 1,173 | - | 8 | (10,575) | 45,017 | - | 45,017 |
| Unaudited | | | | | | | | |
| <u>6-months ended 30 June 2018</u> | | | | | | | | |
| At 31 December 2017/ | | | | | | | | |
| 1 January 2018 | 54,411 | 1,173 | - | 6 | (11,039) | 44,551 | - | 44,551 |
| Loss after taxation | - | - | - | - | (36) | (36) | - | (36) |
| On application of MFRS 9 | - | - | - | - | (221) | (221) | - | (221) |
| Other comprehensive expense | - | - | - | (2) | - | (2) | - | (2) |
| Total comprehensive expense | - | - | - | (2) | (257) | (259) | - | (259) |
| As at 30 June 2018 | 54,411 | 1,173 | - | 4 | (11,296) | 44,292 | - | 44,292 |

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 2017.

MILUX CORPORATION BERHAD (313619-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

| | 6 months ended 30-6-2018 | 6 months ended 30-6-2017 |
|---|-----------------------------|-----------------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Loss before income tax | (157) | (418) |
| Adjustments for :- | | |
| Depreciation | 649 | 628 |
| Property, plant & equipment written off | 14 | 1 |
| (Gain)/loss on disposal of property, plant and equipment | - | (185) |
| Impairment loss on receivables | 235 | 255 |
| Slow moving inventories written down | 289 | - |
| Provision for warranty cost | 120 | 107 |
| Share of loss in joint venture | 2 | 4 |
| Unrealised loss/(gain) on forex | (216) | 503 |
| Reversal of Impairment loss on trade receivables no longer required | (296) | (178) |
| Interest expenses | 235 | 246 |
| Interest income | (56) | (69) |
| Operating Profit Before Working Capital Changes | 819 | 894 |
| Changes in working capital | | |
| Inventories | 63 | (1,071) |
| Receivables | 722 | (1,639) |
| Payables | 452 | (642) |
| Cash Generated From Operations | 2,056 | (2,458) |
| Interest paid | (93) | (111) |
| Tax refunded | - | 1,065 |
| Tax paid | (250) | (335) |
| Warranty paid | (46) | (28) |
| Net cash from operating activities | 1,667 | (1,867) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received | 56 | 69 |
| Net (placement)/withdrawal of Fixed Deposits | (48) | 890 |
| Proceeds from disposal of property, plant & equipment | - | 213 |
| Purchase of unit trust | (1) | (1) |
| Purchase of property, plant and equipment | (586) | (603) |
| Net cash (used in)/from investing activities | (579) | 568 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Interest paid | (141) | (135) |
| Net proceeds/(repayment) of Bank borrowings | 95 | (275) |
| Net proceeds/(repayment) of hire purchase facilities | (162) | 265 |
| Net cash from/(used in) financing activities | (208) | (145) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 880 | (1,444) |
| CASH AND CASH EQUIVALENT AT BEGINNING | 2,325 | 4,100 |
| CASH AND CASH EQUIVALENTS AT END | 3,205 | 2,656 |
| Represented by | | |
| Fixed Deposits with licensed banks | 3,345 | 3,254 |
| Cash and bank balances | 3,961 | 4,436 |
| Bank overdraft | (1,858) | (2,849) |
| Fixed Deposits with maturity of more than 3 months | (2,243) | (2,185) |
| | 3,205 | 2,656 |

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 2017.

MILUX CORPORATION BERHAD (313619-W)

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 2017 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 2017 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 2018 as follows:

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

MFRS 7, *Financial Instruments: Disclosures*

MFRS 9, *Financial Instruments*;

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

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

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

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

Annual Improvements to MFRS Standards 2014-2016 Cycle

(a) MFRS 9: Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: *Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for classification and measurement; impairment and hedge accounting.

With the adoption of MFRS 9, the Group has assessed all these three aspects. The Group has decided to apply MFRS 9 retrospectively with the effect on initially applying this standard as an adjustment to the opening balance of retained earnings as at the date of initial application. Under this transition method, the Group applies this standard retrospectively, only to trade receivables based on the “expected credit loss” model.

MILUX CORPORATION BERHAD (313619-W)

A1. Basis of preparation (cont'd)

(a) MFRS 9: Financial Instruments (cont'd)

The effect of adopting MFRS 9 are as follows:

Impact on Statement of Financial Position {increase/ (decrease)} as at 31 December 2017

| | <u>RM '000</u> |
|---|----------------|
| <u>Current Assets</u> | |
| Trade and other receivables | (221) |
| TOTAL ASSETS | <u>(221)</u> |
| | |
| <u>Equity attributable to owners of the Company</u> | |
| Accumulated Losses | 221 |
| TOTAL EQUITY | <u>221</u> |

Impact on Statement of Comprehensive Expense {increase/ (decrease)} for the year ended 31 December 2017

| | <u>RM '000</u> |
|---|----------------|
| Total Comprehensive Expense attributable to Owners of the Company | <u>221</u> |

(b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

Upon adoption of MFRS 15, the Group recognizes the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the terms and condition stipulated in the contracts. Revenue is recognized either over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers depending on whether certain criteria are met. The adoption of this new MFRS 15 have not resulted in any material impact on the Group's financial statements.

MILUX CORPORATION BERHAD (313619-W)

A1. Basis of preparation (cont'd)

The following are accounting standards, amendments and interpretations that have been issued but not yet effective and have not been applied by the Group:

Effective for annual financial periods beginning on or after 1 January 2019:

MFRS 16, *Leases*.

IC Interpretation 23, *Uncertainty over Income Tax Treatments*

Amendments to MFRS 9, *Prepayment Features with Negative Compensations*;

Amendments to MFRS 119, *Plan Amendment, Curtailment or Settlement*;

Amendments to MFRS 128, *Long-term interests in Associates and Joint Ventures*.

Annual Improvements to MFRSs 2015-2017 Cycle

Effective for annual financial periods beginning on or after 1 January 2021:

MFRS 17, *Insurance Contracts*

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*

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods.

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.

MILUX CORPORATION BERHAD (313619-W)

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.

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 2018

| | Home appliances RM '000 | Others RM '000 | Elimination RM '000 | Total RM '000 |
|-------------------------------------|----------------------------|-------------------|------------------------|------------------|
| <u>Assets</u> | | | | |
| Segment assets | 63,337 | 8,760 | (19,981) | 52,116 |
| Tax recoverable | 498 | 12 | - | 510 |
| Deposits, cash and bank balances | 6,711 | 595 | - | 7,306 |
| Total Assets | 70,546 | 9,367 | (19,981) | 59,932 |
| <u>Liabilities</u> | | | | |
| Segment Liabilities | 91,550 | 2,821 | (85,233) | 9,138 |
| Taxation | 45 | 1 | - | 46 |
| Deferred tax liabilities | 197 | - | - | 197 |
| Loan and borrowings | 6,259 | - | - | 6,259 |
| Total Liabilities | 98,051 | 2,822 | (85,233) | 15,640 |

MILUX CORPORATION BERHAD (313619-W)

A8. Segmental information (cont'd)

| | Quarter ended 30-Jun-18 RM '000 | Quarter ended 30-Jun-17 RM '000 | YTD ended 30-Jun-18 RM '000 | YTD ended 30-Jun-17 RM '000 |
|--------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|
| <u>External Revenue</u> | | | | |
| Home appliances | 20,426 | 21,938 | 38,756 | 40,597 |
| Others | - | - | - | - |
| | 20,426 | 21,938 | 38,756 | 40,597 |
| <u>Inter-segment</u> | | | | |
| Home appliances | 930 | 984 | 1,727 | 2,195 |
| Others | 182 | 151 | 314 | 301 |
| Elimination | (1,112) | (1,135) | (2,041) | (2,496) |
| | - | - | - | - |
| Total Revenue | 20,426 | 21,938 | 38,756 | 40,597 |
| <u>Segment Results</u> | | | | |
| Home appliances | 510 | 486 | (368) | (656) |
| Others | (192) | (144) | (339) | (304) |
| | 318 | 342 | (707) | (960) |
| <u>Other Income</u> | | | | |
| Home appliances | 392 | 59 | 718 | 704 |
| Others | 6 | 6 | 12 | 15 |
| | 398 | 65 | 730 | 719 |
| <u>Interest expense</u> | | | | |
| Home appliances | (108) | (129) | (235) | (246) |
| Others | - | - | - | - |
| | (108) | (129) | (235) | (246) |
| <u>Interest income</u> | | | | |
| Home appliances | 20 | 30 | 46 | 61 |
| Others | 9 | 8 | 9 | 8 |
| | 29 | 38 | 55 | 69 |
| <u>Profit/(Loss) before taxation</u> | | | | |
| Home appliances | 814 | 446 | 161 | (137) |
| Others | (177) | (130) | (318) | (281) |
| | 637 | 316 | (157) | (418) |

MILUX CORPORATION BERHAD (313619-W)

A8. Segmental information (cont'd)

| | Quarter ended 30-Jun-18 RM '000 | Quarter ended 30-Jun-17 RM '000 | YTD ended 30-Jun-18 RM '000 | YTD ended 30-Jun-17 RM '000 |
|--|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|
| <u>Tax expense</u> | | | | |
| Home appliances | 112 | 74 | 122 | 44 |
| Others | - | - | (1) | (1) |
| | 112 | 74 | 121 | 43 |
| Profit/(Loss) for the period | | | | |
| Home appliances | 926 | 520 | 283 | (93) |
| Others | (177) | (130) | (319) | (282) |
| | 749 | 390 | (36) | (375) |
| Fair Value gain/(loss) on Available for sale financial asset | - | 3 | (2) | 6 |
| Total Comprehensive income/ (expense) for the period | 749 | 393 | (38) | (369) |

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 2018 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

Subsequent to the end of the quarter, the Company on 1st July 2018 subscribed for 3,500,000 new ordinary shares at an issue price of RM1.00 per share in the capital of Milux Sales & Service Sdn Bhd ("MSS"), a wholly-owned subsidiary of the Company for a total consideration of RM3,500,000/- satisfied by way of capitalizing the amount due and owing by MSS to the Company.

A12. Contingent liabilities

The Company has extended its corporate guarantees to financial institutions for banking facilities granted by them to certain subsidiaries which amounted to RM11.99 million as at 30 June 2018. The contingent liabilities of the company pertaining to the facilities utilized by its subsidiaries as at 30 June 2018 amounted to RM5.20 million.

MILUX CORPORATION BERHAD (313619-W)

A13. Capital commitments

Material commitments not provided for in the financial statements as at 30 June 2018 were as follow:

| | As at 30 June 2018 RM'000 |
|--|--|
| Advance for working capital to Phoenix Pentagon Sdn. Bhd. - a joint-venture Company | <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 related parties during the Quarter ended 30 June 2018 were as follow:

| | Quarter ended 30-Jun-18 RM '000 | Quarter ended 30-Jun-17 RM '000 | YTD ended 30-Jun-18 RM '000 | YTD ended 30-Jun-17 RM '000 |
|--|--|--|--|--|
| Salaries paid to persons connected to certain directors | <u>31</u> | <u>26</u> | <u>68</u> | <u>56</u> |

MILUX CORPORATION BERHAD (313619-W)

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 Corresponding Quarter | Changes | Current Year To-date | Preceding Year To-date | Changes |
| | 30-06-18 | 30-06-17 | % | 30-06-18 | 30-06-17 | % |
| | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> |
| Revenue | 20,426 | 21,938 | -6.9% | 38,756 | 40,597 | -4.5% |
| Profit/(loss) before interest and tax | 745 | 445 | 67.4% | 78 | (172) | 145.3% |
| Profit/(loss) before tax | 637 | 316 | 101.6% | (157) | (418) | 62.4% |
| Profit/(loss) after tax | 749 | 390 | 92.1% | (36) | (375) | 90.4% |

Group revenue was 6.9% lower compared to the preceding year corresponding quarter. This was due to lower contribution from the manufacturing operation where revenue decreased by 21.3% to RM7.64 million from RM9.70 million mainly due to lower export sales. However, the decline in revenue of the manufacturing operation was mitigated by a 4.5% increase in revenue of the trading operation. Revenue for the trading operation increased to RM12.79 million from RM12.24 million.

Year-to-date Group revenue at RM38.76 million was 4.5% lower compared to RM40.60 million in the preceding year corresponding period due to lower contribution from the manufacturing operation.

For the quarter under review, the Group registered a profit before tax ("PBT") of RM0.64 million compared to a PBT of RM0.32 million in the preceding year corresponding quarter. The increase in PBT was due to higher gross margin and other income registered during the quarter compared to the preceding year corresponding quarter. Profit after tax ("PAT") increased by 92.1% to RM0.75 million from RM0.39 million partly due to write back of prior year tax.

Year-to-date, the Group registered a lower loss before tax ("LBT") of RM0.16 million compared to RM0.42 million in the preceding year-to-date period despite lower revenue due to a marginally higher gross profit margin and lower operational expenditure. Loss after tax ("LAT") decreased by 90.4% to RM0.036 million from RM0.38 million.

MILUX CORPORATION BERHAD (313619-W)

B2. Comparison with immediate preceding quarter's results

| | Current Quarter | Immediate Preceding Quarter | Changes |
|---------------------------------------|-----------------|-----------------------------|---------|
| | 30-06-18 | 31-03-18 | |
| | RM'000 | RM'000 | % |
| Revenue | 20,426 | 18,330 | 11.4% |
| Profit/(loss) before interest and tax | 745 | (667) | 211.7% |
| Profit/(loss) before tax | 637 | (794) | 180.2% |
| Profit/(loss) after tax | 749 | (785) | 195.4% |

Group revenue for the current quarter was 11.4 % higher at RM20.43 million compared to RM18.33 million recorded in the immediate preceding quarter. The increase was due to higher sales from both the manufacturing and trading operation. The manufacturing and trading operations revenue increased by 8.8% and 13.1% to RM7.64 million and RM12.79 million respectively.

The Group recorded a PBT of RM0.64 million for the quarter under review compared to a LBT of RM0.79 million in the immediate preceding quarter. This was due to higher revenue achieved with improved gross margin and lower operating expenditure during the quarter under review. For the quarter under review, the Group registered a PAT of RM0.75 million compared to a loss after tax of RM0.79 million in the immediate preceding quarter in part due to write back of prior year tax.

B3. Commentary on prospect for the financial year

The next two (2) quarters will remain challenging for the Group's operation especially for local sales. This is due to the expected volatility relating to the introduction of the Sales and Service Tax ("SST") regime effective 1st September 2018. With the weakening Ringgit Malaysia against the United States Dollar, the Group's manufacturing operation which is more export orientated is expected to perform better in the coming quarters while the trading operation will experience margin pressure due to rising cost of imports.

Notwithstanding this, the Board and Management will continue to work on improving efficiency all round to counter the increasing competition in the market which the Group operates in.

MILUX CORPORATION BERHAD (313619-W)

B4. Variance of 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.

B5. Taxation

| | Quarter ended 30-06-18 RM '000 | Quarter ended 30-06-17 RM '000 | YTD ended 30-06-18 RM '000 | YTD ended 30-06-17 RM '000 |
|--------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|
| Current year tax expense | 24 | 134 | 31 | 193 |
| RPGT | - | (161) | - | (161) |
| Prior year | (178) | - | (180) | - |
| Deferred taxation | 42 | (47) | 28 | (75) |
| | <u>(112)</u> | <u>(74)</u> | <u>(121)</u> | <u>(43)</u> |

The effective current year tax expense 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 2018 are as follows:

MILUX CORPORATION BERHAD (313619-W)

B7. Group borrowings and debt securities (cont'd)

| | As at 30 June 2018 | | | As at 31 Dec 2017 | | |
|---------------------------|--------------------|--------------|------------|-------------------|--------------|------------|
| | | Short term | Long term | | Short term | Long term |
| | WAEIR | Borrowing | Borrowing | WAEIR | Borrowing | Borrowing |
| | % | RM '000 | RM '000 | % | RM '000 | RM '000 |
| <u>Secured</u> | | | | | | |
| Hire-Purchase | 4.90 | 330 | 814 | 4.84 | 328 | 978 |
| Bank overdraft | 9.07 | 1,858 | - | 8.71 | 2,960 | - |
| Bankers' acceptance | 6.76 | 3,257 | - | 6.46 | 2,681 | - |
| Multi Currency Trade Loan | - | - | - | 3.64 | 203 | - |
| Total | | <u>5,445</u> | <u>814</u> | | <u>6,172</u> | <u>978</u> |

Breakdown by currencies:

Denominated in

| | | | | |
|----------------------------|--------------|------------|--------------|------------|
| Ringgit Malaysia (RM) | 5,445 | 814 | 5,969 | 978 |
| United States Dollar (USD) | - | - | 203 | - |
| | <u>5,445</u> | <u>814</u> | <u>6,172</u> | <u>978</u> |

B8. Material litigation

There were no material litigation involving the Group as at 30 June 2018.

B9. Dividends

No interim dividend has been proposed 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.

MILUX CORPORATION BERHAD (313619-W)

B10. Earnings/(loss) per share (cont'd)

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

| | Quarter ended 30-Jun-18 RM '000 | Quarter ended 30-Jun-17 RM '000 | YTD ended 30-Jun-18 RM '000 | YTD ended 30-Jun-17 RM '000 |
|---|--|--|-----------------------------------|-----------------------------------|
| Profit/(Loss) attributable to owners of the parent | 749 | 390 | (36) | (375) |

ii) Number of ordinary shares (basic)

| | Quarter ended 30-Jun-18 RM '000 | Quarter ended 30-Jun-17 RM '000 | YTD ended 30-Jun-18 RM '000 | YTD ended 30-Jun-17 RM '000 |
|--|--|--|-----------------------------------|-----------------------------------|
| Weighted average number of ordinary shares ('000) | 54,411 | 54,411 | 54,411 | 54,411 |
| Basic earnings/(loss) per share (sen) | 1.38 | 0.72 | (0.07) | (0.69) |

MILUX CORPORATION BERHAD (313619-W)

B11. Profit/(loss) for the period

| | Quarter ended 30-Jun-18 RM '000 | Quarter ended 30-Jun-17 RM '000 | YTD ended 30-Jun-18 RM '000 | YTD ended 30-Jun-17 RM '000 |
|---|--|--|-----------------------------------|-----------------------------------|
| Profit/(Loss) before taxation is arrived at after charging/(crediting) | | | | |
| Allowance for slow moving inventories | 289 | - | 289 | - |
| Depreciation | 322 | 312 | 649 | 628 |
| (Gain)/Loss on disposal of property, plant & machinery (net) | - | (121) | - | (185) |
| Interest expense | 108 | 129 | 235 | 246 |
| Interest income | (30) | (38) | (56) | (69) |
| Impairment loss on trade receivables | 55 | 102 | 235 | 255 |
| Impairment loss on trade receivables no longer required | (201) | (5) | (296) | (178) |
| Provision for warranty | 66 | 61 | 120 | 107 |
| Property, plant & equipment written-off | 13 | 1 | 14 | 1 |
| Realised foreign exchange (gain)/loss (net) | 72 | 95 | 326 | (213) |
| Unrealised foreign exchange (gain)/loss (net) | (100) | 106 | (216) | 503 |

B12. Trade Receivables

The Group's trade receivables as at 30 June 2018 are as follow:

| | As at | |
|-------------------------------|---------------------|---------------------|
| | 30-Jun-18 RM'000 | 31-Dec-17 RM'000 |
| Trade Receivables: | | |
| Third parties | 20,636 | 20,760 |
| Allowance for impairment loss | (1,263) | (1,107) |
| | <u>19,373</u> | <u>19,653</u> |

MILUX CORPORATION BERHAD (313619-W)

B12. Trade Receivables (cont'd)

The Group typically provides customers with credit terms that range from 30 to 120 days.

The Group's trade receivables ageing as at 30 June 2018 are as follows:

| Classification | As at 30-Jun-18 RM'000 |
|-------------------------------------|---------------------------------------|
| 1 - 30 days | 7,382 |
| 31- 60 days | 6,067 |
| 61 - 90 days | 3,906 |
| 91 - 120 days | 1,253 |
| 121 - 150 days | 176 |
| Over 150 days | <u>1,852</u> |
| | 20,636 |
| Less: Allowance for impairment loss | <u>(1,263)</u> |
| | <u><u>19,373</u></u> |

Dated: 21 August 2018