

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
PERIOD ENDED 30 JUNE 2020

| | | Individual Quarter | | Cumulative Period | |
|--|---------|--|--|--|--|
| | | Current year quarter 30/6/2020 RM'000 <u>Unaudited</u> | Preceding year quarter 30/6/2019 RM'000 <u>Unaudited</u> | Current year to date 30/6/2020 RM'000 <u>Unaudited</u> | Preceding year to date 30/6/2019 RM'000 <u>Unaudited</u> |
| Revenue | A8 | 14,281 | 16,000 | 27,761 | 31,553 |
| Cost of sales | | (10,957) | (12,414) | (21,132) | (24,920) |
| Gross Profit | | 3,324 | 3,586 | 6,629 | 6,633 |
| Other operating income | | 56 | 197 | 228 | 304 |
| Administrative expenses | | (2,252) | (2,875) | (4,811) | (5,329) |
| Other operating expenses | | (129) | (117) | (330) | (256) |
| Selling and distribution expenses | | (1,686) | (1,289) | (2,809) | (2,749) |
| Finance costs | | (35) | (129) | (88) | (238) |
| Share of profit/(loss) of a joint venture | | | - | - | (1) |
| Loss before taxation | A8, B11 | (722) | (627) | (1,181) | (1,636) |
| Taxation | B5 | - | (237) | (1) | 61 |
| Loss after taxation | | (722) | (864) | (1,182) | (1,575) |
| Other Comprehensive Income/(expense) | | 1 | - | (2) | 1 |
| Total Comprehensive expense for the period | | (721) | (864) | (1,184) | (1,574) |
| Loss after taxation attributable to: | | | | | |
| Owners of the Company | | (722) | (864) | (1,182) | (1,575) |
| Non-controlling Interest | | - | - | - | - |
| | | (722) | (864) | (1,182) | (1,575) |
| Total Comprehensive expense attributable to: | | | | | |
| Owners of the Company | | (721) | (864) | (1,184) | (1,574) |
| Non-controlling Interest | | - | - | - | - |
| | | (721) | (864) | (1,184) | (1,574) |
| Basic and diluted loss per share attributable to owners of the Company (sen) | B10 | (1.23) | (1.59) | (2.01) | (2.89) |

The unaudited Condensed Consolidated Statements 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 2019.

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | UNAUDITED | AUDITED |
|--|--------------------|--------------------|
| | AS AT | AS AT |
| | 30 Jun 2020 | 31 Dec 2019 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant & equipment | 4,616 | 4,898 |
| Right-of-use assets | 2,340 | 2,861 |
| Investment properties | 316 | 322 |
| Investment in a joint venture | 238 | 238 |
| Other investments | 45 | 46 |
| Intangible assets | 222 | 222 |
| Other receivables | 125 | 125 |
| | <u>7,902</u> | <u>8,712</u> |
| Current Assets | | |
| Inventories | 17,896 | 18,681 |
| Trade receivables | B12 13,608 | 14,485 |
| Other receivables | 659 | 928 |
| Tax recoverable | 468 | 440 |
| Fixed deposits with licensed banks | 2,640 | 3,004 |
| Cash and bank balances | 9,409 | 8,446 |
| | <u>44,680</u> | <u>45,984</u> |
| TOTAL ASSETS | 52,582 | 54,696 |
| EQUITY AND LIABILITIES | | |
| Share capital | 59,067 | 59,067 |
| Reserves | (18,703) | (17,519) |
| Total equity attributable to owners of the Company | <u>40,364</u> | <u>41,548</u> |
| Non-controlling Interest | - | - |
| Total Equity | <u>40,364</u> | <u>41,548</u> |
| Non-Current Liabilities | | |
| Lease liabilities | B7 316 | 798 |
| | <u>316</u> | <u>798</u> |
| Current Liabilities | | |
| Trade payables | 5,600 | 5,107 |
| Other payables | 1,796 | 1,614 |
| Provision | 556 | 403 |
| Loans and borrowings | B7 2,967 | 4,235 |
| Lease liabilities | B7 981 | 990 |
| Provision for taxation | 2 | 1 |
| | <u>11,902</u> | <u>12,350</u> |
| Total Liabilities | <u>12,218</u> | <u>13,148</u> |
| TOTAL EQUITY AND LIABILITIES | 52,582 | 54,696 |
| Net Assets per share attributable to owners of the Company (RM) | | |
| | 0.69 | 0.71 |

The Net Assets per share as at 30 June 2020 was arrived at based on the number of Issued shares of 58,764,197.

The unaudited Condensed Consolidated Statements 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 2019.

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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

| | Share Capital | Fair Value Reserve | Accumulated Losses | Total | Non-Controlling Interest | Total |
|---|---------------|--------------------|--------------------|---------|--------------------------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Unaudited | | | | | | |
| <u>6-months ended 30 June 2019</u> | | | | | | |
| At 31 December 2018/ | | | | | | |
| 1 January 2019 | 55,584 | - | (13,088) | 42,496 | - | 42,496 |
| Loss after taxation | - | - | (1,575) | (1,575) | - | (1,575) |
| Other comprehensive income | - | 1 | - | 1 | - | 1 |
| Total comprehensive income/(expense) | - | 1 | (1,575) | (1,574) | - | (1,574) |
| As at 30 June 2019 | 55,584 | 1 | (14,663) | 40,922 | - | 40,922 |
| Unaudited | | | | | | |
| <u>6-months ended 30 June 2020</u> | | | | | | |
| At 31 December 2019/ | | | | | | |
| 1 January 2020 | 59,067 | - | (17,519) | 41,548 | - | 41,548 |
| Loss after taxation | - | - | (1,182) | (1,182) | - | (1,182) |
| Other comprehensive expense | - | (2) | - | (2) | - | (2) |
| Total comprehensive expense | - | (2) | (1,182) | (1,184) | - | (1,184) |
| As at 30 June 2020 | 59,067 | (2) | (18,701) | 40,364 | - | 40,364 |

The unaudited Condensed Consolidated Statements 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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

| | 6 months ended 30-06-2020 RM'000 | 6 months ended 30-06-2019 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Loss before taxation | (1,181) | (1,636) |
| Adjustments for :- | | |
| <u>Depreciation</u> | | |
| Property, plant & equipment written off | 390 | 557 |
| Right-of-use asset | 487 | - |
| Investment property | 6 | 6 |
| Bad Debt written off | 6 | - |
| Bad Debt recovered | (10) | - |
| Impairment loss on trade receivables | 106 | 47 |
| Slow moving inventories written down | 15 | - |
| Provision for warranty | 117 | 107 |
| Share of loss from joint venture | - | 1 |
| Unrealised loss/(gain) on forex | (39) | (81) |
| Reversal of impairment loss on trade receivables | - | (49) |
| Slow moving inventories written back | (192) | - |
| Interest expenses | 88 | 238 |
| Interest income | (37) | (38) |
| Operating profit/(loss) before working capital changes | (244) | (848) |
| Changes in working capital | | |
| Decrease/(increase) in inventories | 962 | (1,004) |
| Decrease/(increase) in receivables | 1,045 | (106) |
| Decrease/(increase) in payables | 783 | (1,300) |
| Cash generated from/(used in) operations | 2,546 | (3,258) |
| Interest paid | (1) | (89) |
| Income tax refunded | - | 209 |
| Income tax paid | (28) | (115) |
| Warranty paid | (33) | (64) |
| Net cash generated from/(used in) operations | 2,484 | (3,317) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received | 37 | 38 |
| Net (placement)/withdrawal of fixed deposits | 372 | (50) |
| Purchase of unit trust | - | (1) |
| Purchase of property, plant and equipment | (75) | (141) |
| Net cash generated from/(used in) investing activities | 334 | (154) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Interest paid | (88) | (150) |
| Net changes in bankers' acceptance | (741) | 101 |
| Repayment of lease liabilities | (364) | - |
| Repayment of finance lease liabilities | (127) | (164) |
| Net cash from/(used in) financing activities | (1,320) | (213) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 1,498 | (3,684) |
| Effect of exchange rate fluctuations on cash held | - | - |
| CASH AND CASH EQUIVALENT AT BEGINNING | 8,983 | 5,984 |
| CASH AND CASH EQUIVALENTS AT END | 10,481 | 2,300 |
| Represented by | | |
| Fixed deposits with licensed banks | 2,640 | 3,347 |
| Cash and bank balances | 9,409 | 3,912 |
| Bank overdraft | - | (2,654) |
| Fixed deposits with maturity of more than 3 months | (1,568) | (2,305) |
| | 10,481 | 2,300 |

The unaudited Condensed Consolidated Statements 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 2019.

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 2019 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 2019 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 2020 as follows:

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 2, *Share-Based Payments*

Amendments to MFRS 3, *Business Combinations*

Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*

Amendments to MFRS 7, *Financial Instruments: Disclosure*

Amendments to MFRS 9, *Financial Instruments*

Amendments to MFRS 14, *Regulatory Deferral Accounts*

Amendments to MFRS 101, *Presentation of Financial Statements*

Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*

Amendments to MFRS 134, *Interim Financial Reporting*

Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*

Amendments to MFRS 138, *Intangible Assets*

Amendments to Interpretation 12, *Service Concession Arrangements*

Amendments to Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*

Amendments to Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

Amendments to Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

Amendments to Interpretation 132, *Intangible Assets - Web Site Cost*

Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

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

A1. Basis of preparation (cont'd)

Effective for annual financial periods beginning on or after 1 January 2021:
MFRS 17, *Insurance Contracts*

Effective date to be determined by Malaysian Accounting Standards Board
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. Auditors' Report on Preceding Annual Financial Statements

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 consumer confidence which is influenced by the state of the Malaysian and Global economies. For the domestic market, sales 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.

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
Notes to interim financial report

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 2020

| | Home appliances | Others | Elimination | Total |
|----------------------------------|------------------------|----------------|--------------------|----------------|
| | RM '000 | RM '000 | RM '000 | RM '000 |
| <u>Assets</u> | | | | |
| Segment assets | 52,631 | 11,213 | (23,779) | 40,065 |
| Tax recoverable | 456 | 12 | - | 468 |
| Deposits, cash and bank balances | 11,403 | 646 | - | 12,049 |
| Total Assets | 64,490 | 11,871 | (23,779) | 52,582 |
| <u>Liabilities</u> | | | | |
| Segment Liabilities | 89,363 | 3,597 | (85,008) | 7,952 |
| Taxation | - | 2 | - | 2 |
| Loans and borrowings | 2,967 | - | - | 2,967 |
| Lease liabilities | 1,297 | - | - | 1,297 |
| Total Liabilities | 93,627 | 3,599 | (85,008) | 12,218 |

A8. Segmental information (cont'd)

| | Quarter ended 30-Jun-20 RM '000 | Quarter ended 30-Jun-19 RM '000 | Period ended 30-Jun-20 RM '000 | Period ended 30-Jun-19 RM '000 |
|-----------------------------|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| <u>External Revenue</u> | | | | |
| Home appliances | 14,281 | 16,000 | 27,761 | 31,553 |
| Others | - | - | - | - |
| | 14,281 | 16,000 | 27,761 | 31,553 |
| <u>Inter-segment</u> | | | | |
| Home appliances | 342 | 465 | 721 | 1,301 |
| Others | 131 | 131 | 263 | 263 |
| Elimination | (473) | (596) | (984) | (1,564) |
| | - | - | - | - |
| Total Revenue | 14,281 | 16,000 | 27,761 | 31,553 |
| <u>Segment Results</u> | | | | |
| Home appliances | (514) | (205) | (934) | (1,080) |
| Others | (229) | (490) | (387) | (622) |
| | (743) | (695) | (1,321) | (1,702) |
| <u>Other Income</u> | | | | |
| Home appliances | 26 | 171 | 179 | 254 |
| Others | 6 | 6 | 12 | 12 |
| | 32 | 177 | 191 | 266 |
| <u>Interest expense</u> | | | | |
| Home appliances | (35) | (129) | (88) | (238) |
| Others | - | - | - | - |
| | (35) | (129) | (88) | (238) |
| <u>Interest income</u> | | | | |
| Home appliances | 17 | 20 | 30 | 38 |
| Others | 7 | - | 7 | - |
| | 24 | 20 | 37 | 38 |
| <u>Loss before taxation</u> | | | | |
| Home appliances | (506) | (143) | (813) | (1,026) |
| Others | (216) | (484) | (368) | (610) |
| | (722) | (627) | (1,181) | (1,636) |

A8. Segmental information (cont'd)

| | Quarter ended 30-Jun-20 RM '000 | Quarter ended 30-Jun-19 RM '000 | Period ended 30-Jun-20 RM '000 | Period ended 30-Jun-19 RM '000 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| <u>Tax expense</u> | | | | |
| Home appliances | - | (237) | - | 62 |
| Others | - | - | (1) | (1) |
| | - | (237) | (1) | 61 |
| <u>Loss for the period</u> | | | | |
| Home appliances | (506) | (380) | (813) | (964) |
| Others | (216) | (484) | (369) | (611) |
| | (722) | (864) | (1,182) | (1,575) |
| Fair Value gain/(loss) on Available for sale financial asset | 1 | - | (2) | 1 |
| Total Comprehensive expense for the period | <u>(721)</u> | <u>(864)</u> | <u>(1,184)</u> | <u>(1,574)</u> |

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 2020 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 to the composition of the Group during the Quarter under review.

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 RM9.04 million as at 30 June 2020. The contingent liabilities of the company pertaining to the facilities utilised by its subsidiaries as at 30 June 2020 amounted to RM3.11 million.

A13. Capital commitments

There were no material capital commitments during the quarter under review.

A14. Significant related party transactions

There are no significant related party transactions as at the date of this announcement.

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

B1. Review of Performance

Comparison of current quarter and preceding year corresponding quarter results

| | Individual Period | | | Cumulative Period | | |
|-------------------------------------|-------------------|-------------------|----------|-------------------|----------------|----------|
| | 2nd Quarter ended | 2nd Quarter ended | Changes | 6 months ended | 6 months ended | Changes |
| | 30-06-20 | 30-06-19 | | 30-06-20 | 30-06-19 | |
| | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> |
| Revenue | 14,281 | 16,000 | -10.7% | 27,761 | 31,553 | -12.0% |
| Loss before interest and tax | (687) | (498) | -38.0% | (1,093) | (1,398) | 21.8% |
| Loss before tax | (722) | (627) | -15.2% | (1,181) | (1,636) | 27.8% |
| Loss after tax | (722) | (864) | 16.4% | (1,182) | (1,575) | 25.0% |

Group revenue at RM14.28 million was 10.7% lower than that of the preceding year corresponding quarter's revenue of RM16.0 million. The lower revenue for the Quarter under review compared to the preceding year corresponding quarter was due mainly to lower contribution from the manufacturing operation.

Revenue from manufacturing operation decreased by 71.4% to RM1.64 million from RM5.74 million. This was due to 88.6% decrease in export sales to RM0.36 from RM3.17 million. Local OEM sales also decreased by 50.2% from RM2.57 million to RM1.28 million. The sharp drop in revenue was due to the shutdown of entire operation with the implementation of the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") by the government during the quarter under review.

Meanwhile, revenue from trading operation increased by 23.2% to RM12.64 million compared to RM10.26 million in the preceding year corresponding quarter. The increase in sales was due to expansion of the sales team resulting in wider geographical coverage. During the CMCO, the trading operation was still able to operate on a limited scale as it continued to supply to the e-Commerce sector.

Revenue for the year to 30 June 2020 at RM27.76 million was 12.0% lower than that for the period ended 30 June 2019.

B1. Review of Performance (cont'd)

For the quarter under review, the Group recorded a pre-tax loss of RM0.72 million compared to RM0.63 million in the preceding year corresponding quarter due to lower revenue recorded. Year-to-date pre-tax loss amounted to RM1.18 million compared to RM1.64 million in the preceding year corresponding period.

Loss after taxation ("LAT") amounted to RM0.72 million compared to RM0.86 million in the preceding year corresponding quarter. Year-to-date, LAT amounted to RM1.180 million compared to LAT of RM1.575 million in the preceding year corresponding period.

B2. Comparison of current quarter with immediate preceding quarter

| | Current Quarter ended 30-06-20 <u>RM'000</u> | Immediate Preceding Quarter ended 31-03-20 <u>RM'000</u> | Changes <u>%</u> |
|------------------------------|---|--|-------------------------|
| Revenue | 14,281 | 13,480 | 5.9% |
| Loss before interest and tax | (687) | (406) | -69.2% |
| Loss before tax | (722) | (459) | -57.3% |
| Loss after tax | (722) | (460) | -57.0% |

Group revenue for the quarter under review increased by 5.9% to RM14.28 million from RM13.48 million in the immediate preceding quarter. The higher revenue for the quarter under review compared to the immediate preceding quarter was due to higher contribution from the trading operation.

The trading operation generated revenue of RM12.64 million during the quarter, an increase of 19.0% compared to RM10.62 million generated in the immediate preceding quarter.

However, the manufacturing operation revenue decreased by 42.7% to RM1.64 million from RM2.86 million in the immediate preceding quarter due to lower export and local OEM sales. Export sales decreased by 71.4% to RM0.36 million from RM1.26 million while local OEM sales decreased by 20.0% to RM1.28 million from RM1.60 million in the immediate preceding quarter.

B2. Comparison of current quarter with immediate preceding quarter (cont'd)

The Group recorded LBT of RM0.72 million for the quarter under review compared to a LBT of RM0.46 million in the immediate preceding quarter mainly due to higher sales and distribution costs.

For the quarter under review, the Group registered a LAT of RM0.72 million compared to RM0.46 million in the immediate preceding quarter.

B3. Commentary on prospect

The uncertainties created by the Covid-19 pandemic has not been fully played out. Domestically, the country is into Recovery Movement Control Order (“RMCO”) phase. The trading operations has shown some recovery in sales during this RMCO phase and is expected to remain profitable in the coming quarter. The Group is working towards launching its own e-commerce platform in the fourth Quarter of this financial year as potential for sales growth via an e-commerce platform is significant based on current trend.

With the present global economic doldrums, demand is not expected to pick up for the manufacturing operation’s export sales. As such, Management do not expect this operation to contribute positively to the Group in the next two (2) quarters. In view of this, the Group is currently working to size down the manufacturing operations and redeploy its resources to the local trading operations.

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 30-06-20 RM '000 | Quarter ended 30-06-19 RM '000 | Period ended 30-06-20 RM '000 | Period ended 30-06-19 RM '000 |
|----------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Current year tax expense | - | - | 1 | 1 |
| Deferred taxation (prior year) | - | 41 | - | (62) |
| Deferred taxation (current year) | - | 196 | - | - |
| Tax (credit)/expense | - | 237 | 1 | (61) |

B6. Status of corporate proposal announced by the Company

On 22 June 2020, the Board of Directors announced to Bursa Malaysia that the Company has entered into a Memorandum of Understanding (“MOU”) for collaboration with Petrofac Engineering Services Sdn Bhd to jointly participate in the tendering for the job as a Comprehensive Operations, Repairs and Maintenance Contractor of Regasification Terminal Plant (RGT2) for Petronas.

There is no further development on the MOU as at the date of this report.

B7. Group borrowings and debt securities

Secured bank borrowings are secured by fixed charges over the land and building owned by a subsidiary company and is guaranteed by the Company. The Group has not issued any debt securities.

The total Group borrowings and the weighted average effective interest rate as at the 30 June 2020 are as follows:

| | As at 30 Jun 2020 | | As at 31 Dec 2019 | |
|--------------------------------------|-------------------|------------|-------------------|------------|
| | Short term | Long term | Short term | Long term |
| | Borrowing | Borrowing | Borrowing | Borrowing |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| <u>Secured</u> | | | | |
| Lease liabilities | 238 | 138 | 253 | 250 |
| Lease liabilities-Right-of-use asset | 743 | 178 | 737 | 548 |
| Bank overdraft | - | - | 527 | - |
| Bankers' acceptance | 2,967 | - | 3,708 | - |
| Total | <u>3,948</u> | <u>316</u> | <u>5,225</u> | <u>798</u> |

Rates of interest charged:

| | <u>Period ended 30 Jun 2020</u> | <u>Year ended 31 Dec 2019</u> |
|---------------------|---------------------------------|-------------------------------|
| | % | % |
| Bank overdraft | BLR + 2.00 | BLR + 2.00 |
| Bankers' acceptance | 5.25 - 6.47 | 6.38 - 6.49 |

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Notes to interim financial report

B8. Material litigation

There were no material litigation involving the Group as at 30 June 2020.

B9. Dividends

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

B10. Loss per share

The basic loss per share has been calculated by dividing the Group's loss for the period by the weighted average number of ordinary shares in issue during the period. There is no dilutive effect on loss per share as the Company does not have outstanding warrant and option which may dilute its basic loss per ordinary share.

i) Loss) for the quarter/period (basic)

| | Quarter ended | Quarter ended | Period ended | Period ended |
|---|------------------|------------------|-----------------|-----------------|
| | 30-Jun-20 | 30-Jun-19 | 30-Jun-20 | 30-Jun-19 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Loss attributable to owners of the Company | <u>(722)</u> | <u>(864)</u> | <u>(1,182)</u> | <u>(1,575)</u> |

ii) Number of ordinary shares (basic)

| | Quarter ended | Quarter ended | Period ended | Period ended |
|--|------------------|------------------|-----------------|-----------------|
| | 30-Jun-20 | 30-Jun-19 | 30-Jun-20 | 30-Jun-19 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Weighted average number of ordinary shares ('000) | <u>58,764</u> | <u>54,411</u> | <u>58,764</u> | <u>54,411</u> |
| Basic loss per share (sen) | <u>(1.23)</u> | <u>(1.59)</u> | <u>(2.01)</u> | <u>(2.89)</u> |

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B11. Loss for the period

| | Quarter ended 30-Jun-20 RM '000 | Quarter ended 30-Jun-19 RM '000 | Period ended 30-Jun-20 RM '000 | Period ended 30-Jun-19 RM '000 |
|---|--|--|---|---|
| Loss before taxation is arrived at after charging/(crediting) | | | | |
| Slow moving inventories written down | 15 | - | 15 | - |
| Allowance for slow moving inventories written back | (192) | - | (192) | - |
| <u>Depreciation</u> | | | | |
| -Property, plant and equipment | 196 | 272 | 397 | 563 |
| -Right-Of-Use asset | 243 | - | 487 | - |
| Bad debt written off | 6 | - | 6 | - |
| Bad debt recovered | (10) | - | (10) | - |
| Interest expense | 35 | 129 | 88 | 238 |
| Interest income | (24) | (20) | (37) | (38) |
| Impairment loss on trade receivables | 40 | 21 | 106 | 47 |
| Impairment loss on trade receivables no longer required | - | (45) | (4) | (49) |
| Provision for warranty | 57 | 54 | 111 | 107 |
| Realised foreign exchange (gain)/loss | (9) | 55 | (6) | 48 |
| Unrealised foreign exchange (gain)/loss | 18 | (93) | (39) | (81) |

B12. Trade Receivables

The Group's trade receivables as at 30 June 2020 are as follow:

| Classification | As at 30-Jun-20 RM'000 |
|-------------------------------------|---------------------------------------|
| 1 - 30 days | 7,233 |
| 31- 60 days | 3,808 |
| 61 - 90 days | 1,346 |
| 91 - 120 days | 852 |
| 121 - 150 days | 470 |
| Over 150 days | 2,238 |
| | <hr/> |
| | 15,947 |
| Less: Allowance for impairment loss | (2,339) |
| | <hr/> |
| | <u>13,608</u> |

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

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B12. Trade Receivables (cont'd)

The Group's trade receivables aging as at 30 Jun 2020 are as follows:

| | As at 30-Jun-20 RM'000 |
|----------------------------|---------------------------------------|
| Neither past due | 13,012 |
| Past due 1 - 30 days | 651 |
| Past due 31 - 60 days | 129 |
| Past due 61 - 90 days | - |
| More than 90 days past due | <u>2,155</u> |
| | 15,947 |
| Credit impaired | |
| Past due | <u>(2,339)</u> |
| Trade receivables (net) | <u><u>13,608</u></u> |

Dated: 21 August 2020