

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2021

	Note	Individual		Cumulative	
		Quarter ended 31 Dec 2021 RM'000	Quarter ended 31 Dec 2020 RM'000	Period ended 31 Dec 2021 RM'000	Period ended 31 Dec 2020 RM'000
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Revenue	A8	16,559	21,659	63,085	72,995
Cost of sales		(11,743)	(19,560)	(44,336)	(58,410)
Gross Profit		4,816	2,099	18,749	14,585
Other operating income		847	125	5,320	635
Administrative expenses		(2,830)	(3,660)	(10,846)	(11,325)
Other operating expenses		(87)	(1,071)	(1,148)	(1,473)
Selling and distribution expenses		(1,277)	(2,138)	(5,680)	(7,238)
Finance costs		(89)	(60)	(306)	(213)
Share of profit/(loss) of a joint venture		-	(1)	-	(2)
Profit/(Loss) before taxation	A8, B11	1,380	(4,706)	6,089	(5,031)
Taxation	B5	(13)	(14)	(213)	(16)
Profit/(Loss) after taxation		1,367	(4,720)	5,876	(5,047)
Other Comprehensive income/(expense)		(28)	350	(123)	232
Total Comprehensive income/(expense)		1,339	(4,370)	5,753	(4,815)
Profit/(Loss) after taxation attributable to:					
Owners of the Company		1,367	(4,751)	5,879	(5,046)
Non-controlling Interest		-	31	(3)	(1)
		1,367	(4,720)	5,876	(5,047)
Total Comprehensive income/(expense) attributable to:					
Owners of the Company		1,339	(4,401)	5,756	(4,814)
Non-controlling Interest		-	31	(3)	(1)
		1,339	(4,370)	5,753	(4,815)
Basic and diluted earnings/(loss) per share attributable to owners of the Company (sen)	B10	0.58	(8.08)	3.01	(8.59)

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for year ended 31 December 2020.

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

		UNAUDITED	AUDITED
		AS AT	AS AT
		31 Dec 2021	31 Dec 2020
	Note	RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		929	3,751
Right-of-use assets		1,982	1,865
Investment properties		296	309
Investment in a joint venture		-	227
Other investments		3,147	1,264
Intangible assets		-	222
		<u>6,354</u>	<u>7,638</u>
Current Assets			
Inventories		21,178	18,020
Trade receivables	B12	14,731	19,821
Other receivables		1,546	1,568
Tax recoverable		477	467
Fixed deposits with licensed banks		8,582	2,159
Cash and bank balances		5,757	3,964
		<u>52,271</u>	<u>45,999</u>
Non-current assets held for sale		3,307	780
		<u>55,578</u>	<u>46,779</u>
TOTAL ASSETS		<u>61,932</u>	<u>54,417</u>
EQUITY AND LIABILITIES			
Share capital		59,067	59,067
Reserves		(16,545)	(22,301)
Total equity attributable to owners of the Company		42,522	36,766
Non-controlling Interest		-	(33)
Total Equity		<u>42,522</u>	<u>36,733</u>
Non-Current Liabilities			
Lease liabilities	B7	1,471	458
		<u>1,471</u>	<u>458</u>
Current Liabilities			
Trade payables		8,767	7,674
Other payables		2,575	2,653
Provision		2,079	2,236
Loans and borrowings	B7	3,979	3,861
Lease liabilities	B7	510	788
Provision for taxation		29	14
		<u>17,939</u>	<u>17,226</u>
Total Liabilities		<u>19,410</u>	<u>17,684</u>
TOTAL EQUITY AND LIABILITIES		<u>61,932</u>	<u>54,417</u>
Net Assets per share attributable to owners of the Company (RM)		0.18	0.63

Note: Net assets per share as at 31 December 2021 and 31 December 2020 are based on 235,056,788 shares and 58,764,197 shares outstanding respectively.

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the year ended 31 December 2020.

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<----- 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
Audited						
<u>12-months ended 31 December 2020</u>						
At 31 December 2019/ 1 January 2020	59,067	-	(17,519)	41,548	-	41,548
Loss after taxation	-	-	(5,046)	(5,046)	(1)	(5,047)
Other comprehensive expense	-	232	-	232	-	232
Changes in ownership interests in a subsidiary			32	32	(32)	-
Total comprehensive expense	-	232	(5,046)	(4,814)	(1)	(4,815)
As at 31 December 2020	59,067	232	(22,533)	36,766	(33)	36,733
Unaudited						
<u>12-months ended 31 December 2021</u>						
At 31 December 2020/ 1 January 2021	59,067	232	(22,533)	36,766	(33)	36,733
Profit after taxation	-	-	5,879	5,879	(3)	5,876
Other comprehensive expense	-	(123)	-	(123)	-	(123)
Changes in ownership interests in a subsidiary					36	36
Total comprehensive income	-	(123)	5,879	5,756	(3)	5,753
As at 31 December 2021	59,067	109	(16,654)	42,522	-	42,522

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative	
	Period ended 31 Dec 2021	Period ended 31 Dec 2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before taxation	6,089	(5,031)
Adjustments for :-		
Dividend Income	-	(18)
<u>Depreciation</u>		
Property, plant & equipment	562	697
Right-of-use assets	1,013	1,048
Investment property	13	13
Bad Debt	65	11
Property, plant & equipment written off	-	6
Gain on disposal of Property, plant and equipment	(435)	(2)
Gain on disposal of asset held for sale	(3,070)	(62)
Gain on sale of investments	(354)	-
Goodwill written off	266	-
Impairment loss on trade receivables	38	662
Impairment loss on non-trade receivables	-	-
Impairment loss on property, plant & equipment	-	531
Investment in Joint Venture	(2)	9
Slow moving inventories written down	455	4,546
Provision for warranty	261	175
Provision for incentive	1,791	1,952
Share of loss from joint venture	-	2
Unrealised loss/(gain) on forex	(108)	(4)
Reversal of impairment loss on trade receivables	(726)	(229)
Reversal of impairment loss on property, plant & equipment	(356)	-
Slow moving inventories written back	(785)	(1,265)
Interest expenses	306	213
Interest income	(110)	(81)
Operating profit/(loss) before working capital changes	4,913	3,173
Changes in working capital		
Inventories	(2,828)	(2,620)
Receivables	5,736	(6,339)
Payables	1,174	3,601
Cash generated from/(used in) operations	8,995	(2,185)
Interest paid	(13)	(3)
Income tax refunded	15	-
Tax paid	(224)	(29)
Incentives paid	(1,952)	(189)
Warranty paid	(301)	(105)
Net cash generated from/(used in) operations	6,520	(2,511)

MILUX CORPORATION BERHAD Registration No. 199401027937 (313619-W)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative	
	Period ended 31 Dec 2021	Period ended 31 Dec 2020
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	110	81
Dividends received	-	18
Net (placement)/withdrawal of fixed deposits	(408)	272
Acquisition of subsidiary	(17)	-
Proceeds from disposal of interest in joint-venture	229	-
Proceeds from disposal of other investments	1,338	-
Proceeds from disposal of property, plant & equipment	856	5
Proceeds from disposal of asset held for sale	3,850	-
Proceeds from disposal of right-of-use assets	-	110
Purchase of right-of-use assets	-	(574)
Purchase of other investments	(2,989)	(985)
Purchase of unit trust	(1)	-
Purchase of property, plant and equipment	(480)	(396)
Net cash generated from/(used in) investing activities	2,488	(1,469)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(293)	(221)
Net changes in bankers' acceptance	118	153
Drawdown of lease liabilities	138	506
Repayment of lease liabilities	(1,164)	(1,048)
Net cash from/(used in) financing activities	(1,201)	(610)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,807	(4,590)
CASH AND CASH EQUIVALENT AT BEGINNING	4,456	8,983
Effect of exchange rate fluctuations on cash held	-	63
CASH AND CASH EQUIVALENTS AT END	12,263	4,456
Represented by		
Fixed deposits with licensed banks	8,582	2,160
Cash and bank balances	5,757	3,964
Bank overdraft	-	-
Fixed deposits with maturity of more than 3 months	(2,076)	(1,668)
	12,263	4,456

The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the the accompanying explanatory notes attached to the interim financial report and the audited financial statements for year ended 31 December 2020.

MILUX CORPORATION BERHAD Registration No. 199401027937 (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 2020 and the accompanying notes attached to this interim financial report. 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 year ended 31 December 2020 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 2021 as follows:

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

Amendments to MFRS 9, *Financial Instruments*

Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to MFRS 7, *Financial Instruments: Disclosure*

Amendments to MFRS 4, *Insurance Contracts*

Amendments to MFRS 16, *Leases*

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:

Effective for financial periods beginning on or after 1 January 2022:

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

Amendments to MFRS 3, *Business Combinations*

Amendments to MFRS 9, *Financial Instruments*

Amendments to MFRS 116, *Property, Plant and Equipment*

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

Amendments to MFRS 141, *Agriculture*

Amendments to Annual Improvements to MFRS Standards 2018-2020

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Notes to interim financial report

A1. Basis of preparation (cont'd)

Effective for financial periods beginning on or after 1 January 2023:

MFRS 17, *Insurance Contracts*

Amendment to MFRS 101, *Presentation of Financial Statements*

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. 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 for the period to 31 December 2021.

A7. Dividends paid

No dividends were paid during the current quarter under review.

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Notes to interim financial report

A8. Segmental information

The main business segments of the Group comprise the following:

Home appliances: 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 quarter under review is as follows:

Segment Assets and Liabilities as at 31 December 2021

	Home appliances RM '000	Others RM '000	Elimination RM '000	Total RM '000
<u>Assets</u>				
Segment assets	60,424	10,517	(23,825)	47,116
Tax recoverable	477	-	-	477
Deferred tax asset	-	-	-	-
Deposits, cash and bank balances	13,675	664	-	14,339
Total Assets	74,576	11,181	(23,825)	61,932
<u>Liabilities</u>				
Segment Liabilities	89,828	5,037	(81,444)	13,421
Taxation	29	-	-	29
Deferred tax liabilities	-	-	-	-
Loans and borrowings	3,979	-	-	3,979
Lease liabilities	1,981	-	-	1,981
Total Liabilities	95,817	5,037	(81,444)	19,410

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Notes to interim financial report

A8. Segmental information (cont'd)

Results of operating segments

	Individual		Cumulative	
	Quarter ended 31-Dec-21 RM '000	Quarter ended 31-Dec-20 RM '000	Period ended 31-Dec-21 RM '000	Period ended 31-Dec-20 RM '000
<u>External Revenue</u>				
Home appliances	16,559	21,659	63,085	72,995
Others	-	-	-	-
	16,559	21,659	63,085	72,995
<u>Inter-segment</u>				
Home appliances	306	412	1,130	1,565
Others	113	132	455	527
Elimination	(419)	(544)	(1,585)	(2,092)
	-	-	-	-
Total Revenue	16,559	21,659	63,085	72,995
<u>Segment Results</u>				
Home appliances	951	(4,262)	2,387	(4,164)
Others	(329)	(509)	(1,312)	(1,289)
	622	(4,771)	1,075	(5,453)
<u>Other Income</u>				
Home appliances	795	91	5,184	530
Others	6	6	26	24
	801	97	5,210	554
<u>Interest expense</u>				
Home appliances	(89)	(60)	(306)	(213)
Others	-	-	-	-
	(89)	(60)	(306)	(213)
<u>Interest income</u>				
Home appliances	44	28	108	73
Others	2	-	2	8
	46	28	110	81
<u>Profit/(Loss) before taxation</u>				
Home appliances	1,701	(4,203)	7,373	(3,774)
Others	(321)	(503)	(1,284)	(1,257)
	1,380	(4,706)	6,089	(5,031)

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Notes to interim financial report

A8. Segmental information (cont'd)

	Individual		Cumulative	
	Quarter ended	Quarter ended	Period ended	Period ended
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM '000	RM '000	RM '000	RM '000
<u>Tax expense</u>				
Home appliances	(12)	(13)	(199)	(13)
Others	(1)	(1)	(14)	(3)
	(13)	(14)	(213)	(16)
<u>Profit/(Loss) for the period</u>				
Home appliances	1,689	(4,216)	7,174	(3,787)
Others	(322)	(504)	(1,298)	(1,260)
	1,367	(4,720)	5,876	(5,047)
Fair Value gain/(loss) on Available for sale financial asset	(28)	350	(123)	232
Total Comprehensive income/ (expense) for the period	1,339	(4,370)	5,753	(4,815)

A9. Valuation of property, plant and equipment

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

A10. Material subsequent events

There is no material event subsequent to the current financial quarter ended 31 December 2021 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

During the quarter under review, the Company subscribed an additional 49 ordinary shares in Milux Greentech Resources Sdn. Bhd., a subsidiary of the Company, from the following persons, for a total cash consideration of RM49.00.

Name	Number of shares	Consideration (RM)
Nazreen Yahaya Aman	45	45.00
Heng Shwu Lih	4	4.00

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Notes to interim financial

A11. Changes in the composition of the Group (cont'd)

With the completion of the subscription, Milux Greentech Resources Sdn. Bhd. became a wholly-owned subsidiary of the Company.

On 21 August 2020, the Board of Directors announced to Bursa Malaysia that Phoenix Pentagon Sdn. Bhd. ("Phoenix"), an indirect 60%-owned subsidiary of the Company has commenced members' voluntary winding-up ("Winding-Up") pursuant to Section 439(1) of the Companies Act 2016.

The Final meeting of members were held on 6 December 2021 and the Liquidator has submitted the final forms to Suruhanjaya Syarikat Malaysia ("SSM"). Phoenix is expected to be dissolved in the second week of March 2022.

A12. Contingent liabilities

The Company has extended corporate guarantees to financial institutions for banking facilities granted by them to certain of its subsidiaries which amounted to RM9.00 million as at 31 December 2021. The contingent liability of the Company for the facilities utilized by its subsidiaries as at 31 December 2021 amounted to RM4.08 million.

A13. Capital commitments

There was no material capital commitment during the quarter under review.

A14. Significant related party transactions

Save as disclosed below, there are no other significant related party transactions as at the date of this announcement.

<u>Parties</u>	Quarter ended 31/12/2021	Period from 1/1/2021- 31/12/2021
	RM	RM
Transaction with companies in which directors have interest		
Pest React Sdn Bhd	31,530.00	40,230.00
VAMC group	3,769.40	34,761.75
Chin Huat Trading	-	1,937.50
Transaction with a connected person	18,710.85	64,914.98

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Notes to interim financial report

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

B1. Review of Performance

Comparison of current quarter and preceding year corresponding quarter results

	Individual			Cumulative		
	Quarter	Quarter	Changes	Period	Period	Changes
	ended	ended		ended	ended	
31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020			
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	16,559	21,659	-23.5%	63,085	72,995	-13.6%
Gross profit	4,816	2,099	129.4%	18,749	14,585	28.5%
Profit/(loss) before interest and tax	1,469	(4,646)	131.6%	6,395	(4,818)	232.7%
Profit/(loss) before tax	1,380	(4,706)	129.3%	6,089	(5,031)	221.0%
Profit/(loss) after tax	1,367	(4,720)	129.0%	5,876	(5,047)	216.4%

Group revenue contracted by 23.5% to RM16.56 million from RM21.66 million in the same quarter last year due to lower sales from the Group's OEM operation. Revenue for the OEM operation contracted by 89.0% due to the cessation of manufacturing operation at the close of financial year 2020. This was mitigated by higher revenue from the trading operation which grew by 5.7%.

Gross profit margin ("GPM") for the quarter under review improved to 29.1% compared to the 9.7% GPM for the same quarter last year. The GPM of 9.7% for the same quarter last year was due to a one-off impairment of inventories arising from the cessation of the manufacturing operation. The normalized GPM for the same quarter last year was 24.5%.

The Group reported higher other operating income of RM0.85 million compared to RM0.13 million in the same quarter last year due to gain on disposal of asset and reversal of impairment on property, plant and equipment no longer required during the quarter.

The Group incurred administrative expenses of RM2.83 million compared to RM3.66 million for the same quarter last year. The higher administrative expenses for the same quarter last year were mainly due to the payment of termination benefits to its employees affected by the closure of the manufacturing operation. Meanwhile, other operating expenses decreased by 91.9% in the quarter under review compared to the same quarter last year due to impairments made on trade receivable and property, plant and equipment in the same quarter last year arising from the cessation of the manufacturing operation.

B1. Review of Performance (cont'd)

Comparison of current quarter and preceding year corresponding quarter results (cont'd)

Selling & distribution expenses ("S&D") was 40.3% lower compared to the same quarter last year due to lower distribution costs in line with the 23.5% contraction in revenue and also lower advertising & promotion costs.

Finance costs increased to RM0.09 million from RM0.06 million due to other interests arising from Right-of-use assets.

Net profit increased by 129.0% to RM1.37 million from a net loss of RM4.72 million in the same quarter last year. The net loss for the same quarter last year was substantially due to the impairments made and payment of termination benefits arising from the cessation of manufacturing operation.

Comparison of cumulative quarter and preceding year corresponding cumulative quarter results

Cumulative revenue for the twelve (12) months period to 31 December 2021 dipped by 13.6% to RM63.09 million. This was mainly attributed to a 62.1% contraction in the OEM operation revenue due to the cessation of manufacturing operation. The trading operation's revenue was marginally higher by 0.8%.

GPM for the twelve (12) months period to 31 December 2021 increased to 29.7% from the 20.0% recorded for the same period last year. The lower GPM for the same period last year was due to a one-off impairment of inventories arising from the cessation of the manufacturing operation. The normalized GPM for the same period last year was 24.4%.

Other operating income increased to RM5.32 million from RM0.64 million. This was mainly due to recognition of gain on disposal of assets, gain on sale of investment and write back of impairment of trade receivables and property, plant and equipment no longer required.

Administrative and other operating expenses for the period was 4.2% and 22.1% lower compared to the same period last year while S&D expenses was lower by 21.5% due to lower advertising & promotion expenses and sales incentives payable.

Finance costs increased to RM0.31 million from RM0.21 million due to mainly to other interests arising from Right-of-use asset.

B1. Review of Performance (cont'd)

Comparison of cumulative quarter and preceding year corresponding cumulative quarter results (cont'd)

The higher tax expense for the twelve (12) months period to 31 December 2021 was due to Real property gains tax incurred on the disposal of a factory owned by a subsidiary of the Company.

For the cumulative twelve (12) months period, the Group returned to the black with net profit of RM5.88 million compared to a net loss of RM5.05 million for the same period last year. This was due to higher gross profit from sales and higher other operating income arising from gain on disposal of assets and other investments and reversal of impairments no longer required.

B2. Comparison of current quarter with immediate preceding quarter results

	Current Quarter 31 Dec 2021	Immediate Preceding Quarter 30 Sep 2021	Changes
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	16,559	13,903	19.1%
Gross profit	4,816	4,264	12.9%
Profit/(loss) before interest and tax	1,469	786	86.9%
Profit/(loss) before tax	1,380	689	100.3%
Profit/(loss) after tax	1,367	609	124.5%

Group revenue for the current quarter under review increased by 19.1% to RM16.56 million from RM13.90 million in the preceding quarter due to higher sales for both the trading and OEM operation. Compared to the preceding quarter, revenue for the trading operation rose by 17.6% as the Group resumed full operation upon the lifting of the Full Movement Control Order ("FMCO") on 2nd August 2021. Revenue for the OEM operation rose by 66.0% due to higher offtake by its OEM customers.

Gross profit increased by 12.9% quarter-on-quarter due to a 19.1% increase in revenue. However, gross profit margin decreased by 1.6 percentage point to 29.1% from 30.7% in the preceding quarter due to the trading operation's lower gross profit margin.

Net profit increased by 124.5% to RM1.37 million from RM0.61 million in the preceding quarter due to increase gross profit from higher revenue and higher other operating income from recognition of gain on sale of assets and reversal of impairment on property, plant and equipment no longer required.

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Notes to interim financial report

B3. Commentary on prospect

Despite reopening of the country's economic activities, the resurgence of the "Omicron wave" have caused softening in demand due to reduce mobility as people start to impose self-restrictions and are more cautious in terms of spending.

In view of this, the Group will continue to manage its product range and constantly realign its marketing strategies to suit current market conditions to ensure long term sustainable growth. Efforts to improve operational efficiency and managing our cost base will remain a priority in view of the new landscape post pandemic.

Looking ahead, barring unforeseen circumstances, the Group is looking forward to remain profitable in the current financial year ending 31 December 2022 as the Group is now in a stronger financial footing after the restructuring of its operations which begun in financial year 2020.

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

	Individual		Cumulative	
	Quarter ended 31-Dec-21 RM '000	Quarter ended 31-Dec-20 RM '000	Period ended 31-Dec-21 RM '000	Period ended 31-Dec-20 RM '000
Current year tax expense	14	14	27	16
Prior year tax expense	(1)	-	(5)	-
Real Property Gains Tax	-	-	191	-
Tax (credit)/expense	13	14	213	16

The effective tax rate of the Group was lower than the statutory tax rate due to unabsorbed business loss brought forward available for offsetting for certain of its subsidiaries.

B6. Status of corporate proposal announced by the Company

On 2 December 2021, Malacca Securities Sdn. Bhd. ("Malacca Securities") on behalf of the Board of Directors announced to Bursa Securities that T.H. Hin Home Tech Sdn. Bhd. ("Home Tech"), a wholly-owned subsidiary of the Company had on the same day entered into a conditional sale and purchase agreement ("SPA") with Update Paper Sdn. Bhd. ("UPSB") for the disposal by Home Tech of a land located at Mukim 01, Seberang Perai Tengah, Pulau Pinang and building erected thereon for a total cash consideration of RM11.0 million ("Disposal Consideration"), subject to the terms of the SPA

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B6 Status of corporate proposal announced by the Company(cont'd)

On 10 February 2022, Malacca Securities on behalf of the Board of Directors announced to Bursa Securities the Notice of Extraordinary General Meeting to be held on 28 February 2022 which will be conducted on a fully virtual basis at the broadcast venue via remote participation through live stream and online voting.

On 11 February 2022, Malacca Securities on behalf of the Board announced and submitted the Circular to Shareholders.

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 as at the 31 December 2021 and the rates of interest charged are as follows:

	As at 31 Dec 2021		As at 31 Dec 2020	
	Short term borrowing RM '000	Long term borrowing RM '000	Short term borrowing RM '000	Long term borrowing RM '000
<u>Secured</u>				
Lease liabilities	125	433	240	458
Lease liabilities: Right-of-use asset	385	1,038	548	-
Bank overdraft	-	-	-	-
Bankers' acceptance	3,979	-	3,861	-
Total	<u>4,489</u>	<u>1,471</u>	<u>4,649</u>	<u>458</u>
		<u>Current Quarter</u>		<u>Cumulative Quarter</u>
		%		%
Bank overdraft		8.07		8.07
Bankers' acceptance		4.88 - 5.03		4.10 - 5.85

B8. Material litigation

There is no material litigation involving the Group as at 31 December 2021.

B9. Dividends

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

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The basic earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding. There is no dilutive effect on earnings/(loss) per share as the Company does not have outstanding warrant and option which may dilute its basic earnings/(loss) per ordinary share.

	Individual		Cumulative	
	Quarter ended	Quarter ended	Period ended	Period ended
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM '000	RM '000	RM '000	RM '000
Profit/(loss) attributable to owners of the Company	1,367	(4,751)	5,879	(5,046)
Weighted average number of ordinary shares outstanding ('000)	235,057	58,764	195,452	58,764
Basic earnings/(loss) per share (sen)	0.58	(8.08)	3.01	(8.59)

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B11. Profit/(loss) for the period

	Individual		Cumulative	
	Quarter ended	Quarter ended	Period ended	Period ended
	31-Dec-21 RM '000	31-Dec-20 RM '000	31-Dec-21 RM '000	31-Dec-20 RM '000
<i>Profit/(loss) before taxation is arrived at after charging/(crediting)</i>				
Slow moving inventories written down	455	4,532	455	4,546
Slow moving inventories written back	(646)	(1,027)	(785)	(1,265)
<u>Depreciation</u>				
-Property, plant and equipment	157	101	562	697
-Right-of-use asset	255	322	1,013	1,048
Bad debt	-	5	65	11
Bad debt recovered	-	18	-	-
(Gain)/Loss on disposal of property, plant & machinery	(325)	(2)	(435)	(2)
(Gain)/Loss on disposal of Assets Held for Sale	-	-	(3,070)	-
(Gain)/Loss on disposal of right-of-use assets	-	(62)	-	(62)
(Gain)/Loss on disposal of Investment	-	-	(354)	-
Goodwill written off	-	-	266	-
Interest expense	89	60	306	213
Interest income	(46)	(28)	(110)	(81)
<u>Impairment loss</u>				
-Trade receivables	-	556	38	662
-Property, plant & equipment	-	531	-	531
-investment in Joint Venture	-	-	(2)	-
<u>Reversal of impairment loss</u>				
-Trade receivables	(89)	(24)	(726)	(229)
-Property, plant & equipment	(356)	-	(356)	-
Provision for warranty	68	76	261	284
Provision for sale incentives	54	699	1,791	1,952
Realised foreign exchange (gain)/loss	16	24	95	(44)
Unrealised foreign exchange (gain)/loss (net)	(23)	15	(108)	(4)

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B12. Trade Receivables

The ageing of the receivables and allowance for impairment losses as at 31 December 2021 are as follows:

	As at 31-Dec-21 RM'000
Neither past due	12,955
Past due 1 - 30 days	1,044
Past due 31 - 60 days	13
Past due 61 - 90 days	1
More than 90 days past due	<u>1,602</u>
	15,615
Credit impaired	
Past due	<u>(884)</u>
Trade receivables (net)	<u><u>14,731</u></u>

Dated: 24 February 2022