

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2015

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#### A1. Basis of Preparation

The interim financial report of Aemulus and its subsidiary (collectively, “the Group”) are unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the ACE LR.

This is the first interim financial report on the consolidated result for the third quarter ended 30 June 2015 announced by the Company in compliance with the ACE LR and as such, there are no comparative figures for the preceding year’s corresponding period.

The accounting policies and methods of computation adopted by the Group in this unaudited condensed interim financial report are consistent with those adopted in the annual financial statements of the Group. The interim financial report should be read in conjunction with the Proforma Consolidated Financial Information and Accountants’ Report for the FPE 30 April 2015 as disclosed in the Prospectus of the Company dated 26 August 2015.

The interim financial report is prepared on the basis that the Group has been in existence since 1 October 2014. For the purpose of preparing the interim financial report, the Group adopted the merger accounting method of which Aemulus incorporates the assets and liabilities of ACSB at their pre-combination carrying amount. No adjustments are made to reflect their fair values, or recognise any new assets or liabilities at the date of the combination would otherwise have been done under the acquisition method.

#### A2. Changes in Accounting Policies

The accounting policies and presentations adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the financial year ended 30 September 2014 and Accountants’ Report in the Prospectus of the Company dated 26 August 2015 except for the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the MASB but are not yet effective for the Group:-

<b>MFRS and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 10, MFRS 12 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**
**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2015 (cont'd)**

<b>MFRS and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018

**A3. Auditors' Report on Preceding Annual Financial Statements**

Aemulus was incorporated on 17 October 2014 and its first annual audited financial statements will be for the financial period ended 30 September 2015.

The auditors' report to the members of ACSB on the financial statements for the financial year ended 30 September 2014 was not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

The Group's results are not been materially affected by any seasonal or cyclical factors during the quarter under review.

**A5. Unusual Items**

There were no unusual items were affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

**A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported that have a material effect in the quarter under review.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**
**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2015 (cont'd)**
**A7. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities.

**A8. Dividend Paid**

No dividend was paid in the current financial quarter.

**A9. Segmental Reporting**

The Group's revenue is recognised based on the sales of its automated test equipment ("ATE") and its related services which consist of provision of maintenance services for the Group's ATE, consultancy services for printed circuit board design and others.

**Business Activities**

Revenue	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2015 RM	3 months ended 30 June 2014 RM	9 months ended 30 June 2015 RM	9 months ended 30 June 2014 RM
ATE	12,469,726	N/A	23,088,927	N/A
Related services	338,602	N/A	780,925	N/A
	<u>12,808,328</u>	<u>N/A</u>	<u>23,869,852</u>	<u>N/A</u>

**Principal Markets**

Revenue	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June 2015 RM	3 months ended 30 June 2014 RM	9 months ended 30 June 2015 RM	9 months ended 30 June 2014 RM
Malaysia	2,073,136	N/A	8,050,867	N/A
Singapore	8,069,310	N/A	9,974,969	N/A
China	2,338,721	N/A	3,357,863	N/A
United States of America	271,257	N/A	1,873,728	N/A
Other countries	55,904	N/A	612,425	N/A
	<u>12,808,328</u>	<u>N/A</u>	<u>23,869,852</u>	<u>N/A</u>

**A10. Property, Plant and Equipment**

The group has not carried out any valuation of its property, plant and equipment in the current quarter.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2015 (cont'd)**

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**A11. Capital Commitments**

	30 June 2015 RM	30 September 2014 RM
Approved but not provided for:-		
Purchase of property, plant and equipment	288,767	N/A

**A12. Changes in the Composition of the Group**

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

**A13. Contingent Liabilities and Contingent Assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

**A14. Material Events Subsequent to the End of the Quarter**

Saved as disclosed in Note B6, there were no material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

**A15. Significant Related Party Transactions**

There were no significant related party transaction during the quarter under review.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES**

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**B1. Review of Performances**

For the quarter under review, the Group registered revenue of RM12.8 million and profit before tax of RM3.7 million. The Group's revenue was derived from the sale of ATE and its related services which have contributed approximately 97% and 3% respectively of the Group's revenue during the quarter under review.

No comparative figures are presented for the preceding year's corresponding quarter as this is the first interim financial report on the consolidated results for the third quarter ended 30 June 2015 announced by the Company.

**B2. Comparison with Immediate Preceding Quarter's Results**

No comparative figures are presented for the immediate preceding quarter as this is the first interim financial report on the consolidated results for the third quarter ended 30 June 2015 announced by the Company.

**B3. Prospects**

As disclosed in the Company's prospectus dated 26 August 2015, the Group has put in place strategies to grow the business and strengthen further our competitive edges by focusing on the areas below:-

- (a) Upgrade of our existing products
- (b) Introduce new ATE into our product line-up
- (c) Set up a new tester research laboratory to enhance our research and development activities
- (d) Expand our geographical presence

With the aforesaid plans and strategies, barring any unforeseen circumstances, the Board of Directors of Aemulus is cautiously optimistic about the Group's performance for the financial year ending 30 September 2015.

**B4. Profit Forecast or Profit Guarantee**

The Group has not issued any profit forecast nor guarantee in respect of any corporate proposals.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**
**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (cont'd)**
**B5. Taxation**

	Individual Current Year Quarter RM	Quarter Preceding Year Quarter RM	Cumulative Current Year To Date RM	Quarter Preceding Year To Date RM
<u>Income Tax</u>				
Current tax	9,513	N/A	(15,712)	N/A
Deferred tax	-	N/A	19,225	N/A
	<u>9,513</u>	<u>N/A</u>	<u>3,513</u>	<u>N/A</u>

No comparative figures for the preceding quarter and preceding year are available as this is the first interim report on the consolidated results for the third quarter ended 30 June 2015 being announced by the Company in compliance with ACE LR.

The effective tax rate for the financial period under review was lower than the statutory tax rate due to statutory business income derived from the design and assembly of automated test equipment and test and measurement instruments and the provision of related design consultancy services are exempted from income tax, in line with the pioneer status granted under Multimedia Super Corridor ("MSC") Malaysia status.

The Company obtained the MSC Malaysia status on 19 December 2007 together with pioneer status certification on 100% of its statutory business income derived from the design and assembly of automated test equipment and test and measurement instruments and the provision of related design consultancy services, whereby the Group will be exempted from income tax for a period of five (5) years from 8 September 2008 to 7 September 2013 and was further extended for another five (5) years to 7 September 2018.

**B6. Status of Corporate Proposal**

In conjunction with and as an integral part of its listing on the ACE Market of Bursa Securities, the Company has undertaken the following listing scheme:-

**(a) Acquisition of ACSB**

Aemulus has acquired the entire issued and paid-up capital of ACSB comprising 208,478,775 ordinary shares of RM0.10 each for a total purchase consideration of RM35,105,998 satisfied by the issuance of 351,059,980 ordinary shares of RM0.10 each in Aemulus at par. The purchase consideration is arrived at based on the audited net assets of ACSB as at 30 September 2014 adjusted for the conversion of the redeemable convertible preference shares of ACSB.

The acquisition of ACSB was completed on 24 July 2015.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES *(cont'd)***

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**(b) Initial Public Offering**

**(i) Public Issue**

The Company will undertake a public issue of 87,790,000 new ordinary shares of RM0.10 each, representing approximately 20% of the Company's enlarged issued and paid-up share capital, at an issue price of RM0.28 per share to be allocated in the following manner:-

- 21,943,000 new ordinary shares of RM0.10 each representing 5% of the enlarged issued and paid-up share capital of the Company will be made available for application by the Malaysian Public;
- 13,167,000 new ordinary shares of RM0.10 each representing 3% of the enlarged issued and paid-up share capital of the Company will be made available for application by the eligible Directors, employees and business associates of the Group; and
- 52,680,000 new ordinary shares of RM0.10 each representing 12% of the enlarged issued and paid-up share capital of the Company will be made available for application by way of private placement to selected investors.

**(ii) Offer for Sale**

Concurrent with the Public Issue, the offerors will offer for sale 43,885,000 ordinary shares of RM0.10 each, representing 10% of the enlarged issued and paid-up share capital of the Company, to be made available for application by way of private placement to identified investors.

**(c) Listing on the ACE Market of Bursa Securities**

The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM43,885,000 comprising 43,885,000 shares on the ACE Market of Bursa Securities.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**
**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (cont'd)**

Subsequent to the listing on the ACE Market of Bursa Securities which is scheduled to be on 15 September 2015, the gross proceeds arising from the Public Issue of RM24.58 million will be utilised by the Group in the following manner:-

Description	Timeframe for Utilisation Upon Listing	Amount (RM)	Percentage of Gross Proceeds (%)
Working capital	Within 24 months	12,881,200	52.40
R&D expenditure	Within 24 months	6,000,000	24.41
Purchase of property, plant and equipment	Within 24 months	2,000,000	8.14
Marketing, branding and promotion	Within 24 months	1,200,000	4.88
Estimated listing expenses	Immediate	2,500,000	10.17
<b>Total cash proceeds</b>		<b>24,581,200</b>	<b>100.00</b>

The utilisation of proceeds above should be read in conjunction with the Prospectus of the Company dated 26 August 2015.

Save as disclosed above, there is no other pending corporate proposal as at the date of this announcement.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**
**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (cont'd)**
**B7. Group's Borrowings and Debts Securities**

The details of the Group's borrowings as at 30 June 2015 are as follows:-

	As at 30 June 2015 RM	As at 30 September 2014 RM
<u>Short term borrowings</u>		
Secured:		
Finance lease liabilities	407	N/A
Term loan	11,532	N/A
<u>Long term borrowings</u>		
Secured:		
Term loan	122,999	N/A
Total borrowings	134,938	N/A

The finance lease liabilities are secured over the leased assets.

The term loan is secured over the Company's freehold commercial lot.

**B8. Off Balance Sheet Financial Instruments**

There is no off balance sheet financial Instruments as at date of this quarterly report.

**B9. Material Litigation**

The Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which might materially and adversely affect the financial position or business of the Group as at the date of issuance of this interim financial report.

**B10. Dividends**

No dividend was paid, declared or proposed during the quarter under review.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015**
**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (cont'd)**
**B11. Earning Per Shares (“EPS”)**

The basic EPS for the current quarter and financial year to date are computed as follow:-

	3 month ended 30 June 2015	Year to date 30 June 2015
(a) Basic EPS		
Profit attributable to ordinary equity owners of the Company (RM)	3,661,699	6,973,732
Weighted average number of ordinary shares of RM0.10 each in issue after acquisition of ACSB	351,060,000	351,060,000
Basic EPS (sen)	1.04	1.99
(b) Diluted EPS		
Profit attributable to ordinary equity owners of the Company (RM)	3,661,699	6,973,732
Weighted average number of ordinary shares of RM0.10 each as above and after the effects of the Public Issue above	438,850,000	438,850,000
Diluted EPS (sen)	0.83	1.59

**B12. Disclosure Notes to the Statement of Profit and Loss and Other Comprehensive Income**

	3 month ended 30 June 2015 RM	Year to date 30 June 2015 RM
Depreciation of property, plant and equipment	106,700	353,080
Interest income	(14,956)	(54,961)
Dividend income	(4,700)	(14,804)
Interest expenses	69,859	84,155
(Gain)/ loss on foreign exchange		
- Realised	54,757	(277,818)
- Unrealised	(332,765)	(491,934)
Property, plant and equipment written off	73,080	73,080
Grant Income	-	(855,387)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015****B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES (cont'd)**

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**B13. Realised/Unrealised Profits**

	As at 30 June 2015 RM
Total retained earnings of the Company and its subsidiaries:	
- Realised	19,755,497
- Unrealised	219,768
	<hr/> 19,975,265
Less: Consolidation adjustment	-
Retained Earnings	<hr/> <hr/> 19,975,265