



AEMULUS HOLDINGS BERHAD
(Registration No. 201401037863 (1114009-H))
("AEMULUS" OR THE "COMPANY")

**INTERIM FINANCIAL REPORT
FOR FIRST QUARTER
ENDED 31 DECEMBER 2021**

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AEMULUS HOLDINGS BERHAD (Registration No. 201401037863 (1114009-H))
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	(Unaudited) As at 31.12.2021 RM'000	(Audited) As at 30.09.2021 RM'000
Assets		
Non-Current Assets		
Property, plant & equipment	40,749	40,666
Right-of-use asset	124	143
Intangible assets	13,686	13,686
Development costs	12,271	11,089
Investment in an associate	3,607	3,285
Other investments	65	65
Trade receivables	697	2,065
	<u>71,199</u>	<u>70,999</u>
Current Assets		
Inventories	22,589	15,756
Trade receivables	37,688	32,837
Contract assets	6,826	5,244
Other receivables, deposits and prepayments	1,278	1,322
Current tax assets	48	2
Other investments	2,013	2,006
Deposits with licensed banks	75,133	24,866
Cash and bank balances	13,383	5,460
	<u>158,958</u>	<u>87,493</u>
TOTAL ASSETS	<u>230,157</u>	<u>158,492</u>
EQUITY		
Share capital ^(b)	154,201	91,367
Reserves	(12,953)	(13,124)
Retained profits	38,899	34,371
Total equity	<u>180,147</u>	<u>112,614</u>
Non-Current Liabilities		
Deferred tax liabilities	417	417
Lease liability	48	68
Borrowings	17,240	17,734
	<u>17,705</u>	<u>18,219</u>
Current Liabilities		
Provision for warranty	599	554
Trade payables	12,549	8,207
Contract liabilities	2,418	2,747
Other payables and accruals	6,971	5,278
Amount due to an associate	444	544
Derivative financial liabilities	21	50
Lease liability	79	79
Borrowings	9,224	10,175
Current tax liabilities	-	25
	<u>32,305</u>	<u>27,659</u>
Total liabilities	<u>50,010</u>	<u>45,878</u>
TOTAL EQUITY AND LIABILITIES	<u>230,157</u>	<u>158,492</u>
Net assets per share attributable to owners of the Company(RM) ^(b)	0.37	0.26

Notes:

(a) *The unaudited condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the interim notes attached to this interim financial report.*

(b) *Based on 621,456,354 ordinary shares in issue as disclosed in Note B11.*

AEMULUS HOLDINGS BERHAD (Registration No. 201401037863 (1114009-H))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	18,580	11,490	18,580	11,490
Cost of sales	(7,500)	(5,491)	(7,500)	(5,491)
Gross profit	11,080	5,999	11,080	5,999
Other income	379	1,089	379	1,089
Operating expenses*	(5,939)	(4,539)	(5,939)	(4,539)
Research and development expenses	(675)	(373)	(675)	(373)
Other expenses	-	(321)	-	(321)
Profit from operation	4,845	1,855	4,845	1,855
Share of profit / (loss) of associate, net of tax	25	(84)	25	(84)
Finance costs	(307)	(173)	(307)	(173)
Profit before tax	4,563	1,598	4,563	1,598
Income tax expense	(35)	(89)	(35)	(89)
Profit for the period	4,528	1,509	4,528	1,509
Other comprehensive income, net of tax:				
Item that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences arising from foreign operation	(2)	(4)	(2)	(4)
Total comprehensive income for the period	4,526	1,505	4,526	1,505
Earnings per share:-				
Basic ^(b) / Diluted ^(c) (sen)	0.73	0.28	0.73	0.28
*Included in operating expenses:				
ESG expenses	(95)	-	(95)	-

Notes:

- (a) *The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the interim notes attached to this interim financial report.*
- (b) *Based on 621,456,354 ordinary shares in issue as disclosed in Note B11.*
- (c) *Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares as disclosed in Note B11.*
- (d) *Data of ESG expenses for Q1FY2021 is not available.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	← Non-Distributable →				→ Distributable		
	Share Capital RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	RSP Reserve RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 October 2021	91,367	(12,954)	(291)	174	(53)	34,371	112,614
Total comprehensive income for the year	-	-	-	-	(2)	4,528	4,526
<i>Transaction with owners:</i>							
Issuance of ordinary shares	63,712	-	-	-	-	-	63,712
Share issuance expenses	(878)	-	-	-	-	-	(878)
Recognition of equity-settled share-based payment	-	-	-	173	-	-	173
At 31 December 2021	154,201	(12,954)	(291)	347	(55)	38,899	180,147
At 1 October 2020	90,527	(12,954)	-	252	(50)	23,920	101,695
Total comprehensive income for the year	-	-	-	-	(4)	1,509	1,505
<i>Transaction with owners:</i>							
Recognition of equity-settled share-based payment	-	-	-	248	-	-	248
At 31 December 2020	90,527	(12,954)	-	500	(54)	25,429	103,448

Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the interim notes attached to this interim financial report.

AEMULUS HOLDINGS BERHAD (Registration No. 201401037863 (1114009-H))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	31.12.2021	31.12.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,563	1,598
Adjustments for:		
Amortisation of development costs	284	129
Depreciation of property, plant and equipment	664	620
Depreciation of right-of-use asset	20	20
Dividend income	(7)	(6)
Equity-settled share-based payment	173	248
Fair value gain on derivative financial instruments	(29)	(64)
Interest expense	307	173
Interest income	(118)	(129)
Provision for warranty	45	92
Share of results of associate	(25)	84
Unrealised profit arising from transactions with associate	(297)	-
Unrealised (gain) / loss on foreign exchange	(74)	411
Operating profit before working capital changes	5,506	3,176
Increase in inventories	(6,833)	(3,991)
Increase in receivables	(4,947)	(6,666)
Increase in payables	5,705	4,690
Cash used in operations	(569)	(2,791)
Income tax paid	(106)	(248)
Interest paid	(307)	(173)
Net cash used in operating activities	(982)	(3,212)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of development costs	(1,466)	(1,231)
Changes in an associate's balance	(101)	-
Dividend received	7	6
Interest received	118	129
Investment in an associate	-	(2,085)
(Placement) / Withdrawal of fixed deposits	(1,176)	1,077
Purchase of property, plant and equipment	(747)	(733)
Net cash used in investing activities	(3,365)	(2,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	62,834	-
Payment of lease liabilities	(20)	(19)
Drawdown from banking facilities	195	621
Repayment from term loan	(392)	(345)
Net cash from financing activities	62,617	257

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (cont'd)

	31.12.2021	31.12.2020
	RM'000	RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	58,270	(5,792)
Effects of changes in exchange rates	(2)	(4)
CASH AND CASH EQUIVALENTS AT BEGINNING	25,110	29,229
CASH AND CASH EQUIVALENTS AT END	83,378	23,433

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

Other investments	2,013	1,278
Deposits with licensed banks	75,133	26,094
Cash and bank balances	13,383	1,012
	90,529	28,384
Less: Pledged to licensed banks as securities for banking facilities	(7,151)	(4,951)
	83,378	23,433

Notes:

- (a) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the interim notes attached to this interim financial report.*
- (b) *The other investments of the Group has been determined to be part of cash and cash equivalents since the funds are invested in money market instruments and short term deposits and are subject to minimal risk.*

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

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

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 audited financial statements of the Group. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the interim notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial period:

MFRS and/or IC Interpretations (Including The Consequential Effective Date Amendments)

Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combinations: Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to MFRS 16 Leases: on Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (*cont'd*)

A2. Significant Accounting Policies (*cont'd*)

The Group has not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group:

MFRS and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3 Business Combinations: References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the financial statements for the financial year ended 30 September 2021 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's business is subject to the cyclicity of the semiconductor industry.

A5. Unusual Items

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (*cont'd*)

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

On 13 December 2021, the Group announced that 60,678,000 new shares were issued pursuant to the proposed private placement of up to 10% for the issued and paid up shares capital of the Group at an issue price of RM1.05 per share. The 60,678,000 shares were listed on 13 December 2021.

Other than those mentioned above, there were no issuances, cancellations, repurchases, resale and repayments of debt securities.

A8. Dividend Paid

No dividend was paid in the current financial period.

A9. Segmental Reporting

The Group's revenue is recognised based on the sales of its automated test equipment ("ATE") and 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 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
ATE	16,787	9,928	16,787	9,928
Related services	1,793	1,562	1,793	1,562
	<u>18,580</u>	<u>11,490</u>	<u>18,580</u>	<u>11,490</u>

Principal Markets

Revenue	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
China	9,848	3,663	9,848	3,663
Malaysia	3,614	2,417	3,614	2,417
Other countries	2,057	171	2,057	171
Singapore	1,471	2,461	1,471	2,461
United States of America	1,050	1,791	1,050	1,791
Korea	540	962	540	962
Taiwan	-	25	-	25
	<u>18,580</u>	<u>11,490</u>	<u>18,580</u>	<u>11,490</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (*cont'd*)

A10. Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

A11. Capital Commitments

There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the quarter under review.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period 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

There were no material events subsequent to the end of the current financial period that have not been reflected in this interim financial report.

A15. Significant Related Party Transactions

Details of the relationship between the Group and its related party for the current quarter ended 31 December 2021 are as described below: -

Associate Company	Nature of Transactions	31.12.2021 RM'000
TMSS Technology (Jiashan) Co., Ltd. ("TMSS")	Sales of goods	9,823
	Intellectual properties cost	(392)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. Review of Performances

	Individual Quarter 3 months ended			Cumulative Quarter 3 months ended		
	31.12.2021 RM'000	31.12.2020 RM'000	Changes (RM'000 / %)	31.12.2021 RM'000	31.12.2020 RM'000	Changes (RM'000 / %)
Revenue	18,580	11,490	7,090 / 62	18,580	11,490	7,090 / 62
Profit from operation	4,845	1,855	2,990 / 161	4,845	1,855	2,990 / 161
Profit before tax	4,563	1,598	2,965 / 186	4,563	1,598	2,965 / 186
Profit for the period	4,528	1,509	3,019 / 200	4,528	1,509	3,019 / 200

Comparison with the preceding year corresponding quarter

The Group's revenue recorded a significant increase of 62% in the current quarter ("Q1FY22") as compared to the preceding year corresponding quarter ("Q1FY21"). Strong demand for the current quarter was derived from mobile and tablets, automotive and enterprise storage markets.

R&D expenses have increased due to higher number of headcount hired coupled with new projects under research stage.

Operating expenses have increased in tandem with the business growth. Additional talents are recruited to expand and support the growing business.

In summary, the Group recorded a profit of RM4.528 million in Q1FY22.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

Statement of Financial Position Review

	As at 31.12.2021 RM'000	As at 30.9.2021 RM'000	Changes (RM'000 / %)
Review on Significant Variances:-			
Development costs	12,271	11,089	1,182 / 11
Trade receivables	38,385	34,902	3,483 / 10
Contract assets	6,826	5,244	1,582 / 30
Deposits with licensed banks	75,133	24,866	50,267 / 202
Trade payables	12,549	8,207	4,342 / 53
Borrowings	26,464	27,909	(1,445) / (5)

Development costs

Development costs increased 11% in tandem with the capitalisation of expenditures, such as talents and material costs incurred in enhancing existing product features and development of testing solutions for new semiconductor devices.

Trade receivables

Trade receivables increased 10% mainly attributable to the increase of sales in Q1FY22.

Contract assets

Contract assets increased 30% mainly attributable to the testers shipped and sales recognised but pending billing in end of December 2021.

Deposits with licensed banks

Deposits with licensed banks has increased significantly due to deposit of the funds received from private placement completed on 13th December 2021.

Trade payables

Trade payables significantly increased by RM4.342 million mainly attributable to the additional purchases of parts to support the on-going and upcoming production.

Borrowings

Total borrowings have decreased RM1.445 million due to full repayment of overdraft in Q1FY22.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

Statement of Cash Flows Review

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000	Changes (RM'000 / %)
Net cash used in operating activities	(982)	(3,212)	2,230 / 69
Net cash used in investing activities	(3,365)	(2,837)	(528) / (19)
Net cash from financing activities	62,617	257	62,360 / 24,265

Operating Activities

The Group has improved our cash conversion cycle, the Group recorded net cash outflow of RM0.982 million compared to RM3.212million outflow in Q1FY21.

Investing Activities

As at 31 December 2021, the Group recorded net cash outflow of RM3.365 million mainly due to capitalisation of development expenditures and placement of RM1 million fixed deposit pledge as security for additional banking facilities granted in Q1FY22.

Financing Activities

The completion of private placement explained the net cash inflow recorded as at Q1FY22.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

B2. Comparison with Preceding Quarter

	Individual Quarter 3 months ended		Changes (RM'000 / %)
	31.12.2021 RM'000	30.09.2021 RM'000	
Revenue	18,580	17,303	1,277 / 7
Profit from operation	4,845	4,255	590 / 14
Profit before tax	4,563	4,632	(69) / (1)
Profit for the period	4,528	4,071	457 / 11

The Group's revenue has recorded an increase of 7% as compared to preceding quarter due to strong demand arising from the automotive market segment. The Group has recorded a higher profit of RM4.528 million in Q1FY22 as compared to the preceding quarter.

B3. Prospects

Business constraints caused by the pandemic such as travel restrictions and supply chain disruptions continue to pose challenges for our semiconductor test business operations.

The marketing and engineering activities in our joint venture company in China i.e., TMSS (Jiashan) has increased significantly. Demand for testers from the Far East region is expected to remain strong this year supported by the 5G wireless communication business segment and other new vertical markets. The supply of silicon wafers to our customers has also been consistent albeit limited in volume.

With reference to earlier announcement related to the CMOS Image Sensors (CIS) market, we are expecting several shipments of production testers to the customers in the upcoming quarters. Similarly, the delivery of testers for the automotive segment will continue to contribute positively.

This Q2FY2022 is a short quarter due to festive holidays. Any extended delivery time for raw materials may pose risk to the Company's production output. However, the management is fully aware of the situation and has taken steps to mitigate such risks.

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

B4. Profit Forecast or Profit Guarantee

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

B5. Income tax expenses

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Income tax	(35)	(89)	(35)	(89)

The effective tax rate for the financial period under review was lower due mainly to utilisation of unabsorbed capital allowances and tax losses to offset against the current year's chargeable income. The subsidiary of the Group is also granted a customised incentive granted by Minister of Finance of Malaysia announced on 7 August 2019 whereby statutory business income derived from the design and assembly of ATE and test and measurement instruments and the provision of related design consultancy services are exempted from income tax.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

B6. Status of Corporate Proposal Announced

- (a) In conjunction with the completion of Private Placement announced on 26th August 2020, the Company has increased its share capital by 54,940,000 new ordinary shares at an issue price of RM0.57 per placement share. An amount of RM31.3 million has been raised from the Private Placement.

Utilisation of Proceeds from Private Placement

The gross proceeds from the Private Placement of RM31.3 million shall be utilised in the following manner:

Purpose	Timeframe for Utilisation Upon Completion	Amount (RM'000)	Amount Utilised as at 31 December 2021 (RM'000)	Reallocation (RM'000)	Deviation (RM'000) %		Balance of Proceed as at 31 December 2021 (RM'000)
Future viable investment(s)	Within 24 months	7,000	-	-	-	-	7,000
Research and development expenditure	Within 24 months	7,000	(7,000)	-	-	-	-
Partial repayment of bank borrowings	Within 6 months	5,000	(5,000)	-	-	-	-
Marketing, branding and customer support activities	Within 24 months	1,500	(1,234)	-	-	-	266
General working capital	Within 12 months	10,616	(10,515)	(101)	(101)	(0.95)	-
Estimated expenses in relation to the Proposed Private Placement	Within 1 month	200	(301) ^	101	101	50.5	-
Total cash proceeds		31,316	(24,050)	-	-	-	7,266

Note:-

^ The actual amount incurred for expenses in relation to the Private Placement was RM0.301 million with the additional amount of RM0.101 million being reallocated from the amount earmarked for general working capital.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 4 August 2020.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

B6. Status of Corporate Proposal Announced (cont'd)

- (b) In conjunction with the completion of Private Placement announced on 13th December 2021, the Company has increased its share capital by 60,678,000 new ordinary shares at an issue price of RM1.05 per placement share. An amount of RM63.7 million has been raised from the Private Placement.

Utilisation of Proceeds from Private Placement

The gross proceeds from the Private Placement of RM63.7 million shall be utilised in the following manner:

Purpose	Timeframe for Utilisation Upon Completion	Amount (RM'000)	Amount Utilised as at 31 December 2021 (RM'000)	Reallocation (RM'000)	Deviation		Balance of Proceed as at 31 December 2021 (RM'000)
					(RM'000)	%	
Future investments/ acquisitions/ collaborations	Within 24 months	7,000	-	-	-	-	7,000
Research and development expenditure	Within 24 months	12,000	(1,381)	-	-	-	10,619
Capacity expansion	Within 24 months	9,000	-	-	-	-	9,000
Additional investment in its joint venture	Within 12 months	13,000	-	-	-	-	13,000
Repayment of borrowings	Within 6 months	9,000	(6,692)	-	-	-	2,308
Sustainability and environmental, social and governance ("ESG") efforts	Within 24 months	500	(95)	-	-	-	405
Working capital	Within 12 months	12,412	-	(78)	(78)	(0.63)	12,334
Estimated expenses in relation to the Proposed Private Placement	Upon completion	800	(878) ^	78	78	9.75	-
Total cash proceeds		63,712	(9,046)	-	-	-	54,666

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

B6. Status of Corporate Proposal Announced (cont'd)

Note:-

^ The actual amount incurred for expenses in relation to the Private Placement was RM0.878 million with the additional amount of RM0.078 million being reallocated from the amount earmarked for general working capital.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 15 November 2021.

B7. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 December 2021 are as follows:-

	As at 1st quarter ended 31 December 2021					
	Long term		Short term		Total borrowings	
	Foreign Denomination '000	RM Denomination '000	Foreign Denomination '000	RM Denomination '000	Foreign Denomination '000	RM Denomination '000
Secured:						
Revolving Credit	-	-	-	4,336	-	4,336
Bankers' acceptance	-	-	-	3,032	-	3,032
Finance lease liabilities	-	983	-	257	-	1,240
Term Loan	-	16,257	-	1,599	-	17,856
Unsecured:						
Nil	-	-	-	-	-	-

	As at 1st quarter ended 31 December 2020					
	Long term		Short term		Total borrowings	
	Foreign Denomination '000	RM Denomination '000	Foreign Denomination '000	RM Denomination '000	Foreign Denomination '000	RM Denomination '000
Secured:						
Revolving Credit	-	-	-	1,600	-	1,600
Bankers' acceptance	-	-	-	2,088	-	2,088
Term Loan	-	12,861	-	1,163	-	14,024
Unsecured:						
Nil	-	-	-	-	-	-

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

B8. Derivative Financial Instrument

The Group has the following derivative financial instrument as at the end of the reporting period:

Derivative forward foreign exchange contracts :	Nominal Value (RM'000)	Liabilities (RM'000)
- Less than 1 year	3,892	21

The Group's derivative financial liabilities as at the end of the reporting period comprise forward foreign exchange contracts which are used to manage the foreign currency exposures arising from the Group's receivables denominated in USD. The fair value of the forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market rates.

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. Dividend Proposed or Declared

No dividend was proposed or declared for the current quarter ended 31 December 2021.

B11. Earnings Per Share ("EPS")

(c) Basic EPS

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	4,528	1,509	4,528	1,509
Weighted average number of ordinary shares ('000)	621,456	551,147	621,456	551,147
Basic EPS (sen)	0.73	0.28	0.73	0.28

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

B11. Earnings Per Share (“EPS”) (cont'd)

(d) Diluted EPS

Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares arising from shares granted to employees as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	4,528	1,509	4,528	1,509
Weighted average number of ordinary shares ('000)	621,456	551,147	621,456	551,147
Adjustment for dilutive effect of RSP ('000)	766	1,436	766	1,436
	<u>622,222</u>	<u>552,583</u>	<u>622,222</u>	<u>552,583</u>
Diluted EPS (sen)	<u>0.73</u>	<u>0.28</u>	<u>0.73</u>	<u>0.28</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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

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

	Current Quarter RM'000	Current Year To Date RM'000
Amortisation of development costs	284	284
Depreciation of property, plant and equipment	663	663
Depreciation of right-of-use asset	20	20
Dividend income	(7)	(7)
Fair value gain on derivative financial assets	(29)	(29)
Equity-settled share-based payment	173	173
Interest expenses	307	307
Interest income	(118)	(118)
Gain on foreign exchange		
- Realised	(88)	(88)
- Unrealised	(74)	(74)

B13. Environmental, Social and Governance (“ESG”) initiatives

	Current Quarter RM'000	Current Year To Date RM'000
Meals subsidy for employees	56	56
Covid-19 related expenses	16	16
Donation	11	11
Scholarship	12	12
	95	95

Starting this quarter, the Company shall report our ESG contribution and efforts in our quarterly reports. This is in line with the Company’s endorsement of the importance of ESG as part of the Company DNA.