



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

**INTERIM FINANCIAL REPORT
FOR FOURTH QUARTER
ENDED 30 SEPTEMBER 2023**

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AEMULUS HOLDINGS BERHAD (Registration No. 201401037863 (1114009-H))
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	(Unaudited) As at 30.09.2023 RM'000	(Audited) As at 30.09.2022 RM'000
Assets		
Non-Current Assets		
Property, plant and equipment	42,011	44,245
Right-of-use asset	-	65
Intangible assets	23	13,686
Development costs	15,794	16,200
Investment in an associate	5,612	5,985
Other investments	-	65
Trade receivables	-	1,651
	63,440	81,897
Current Assets		
Inventories	32,487	33,979
Trade receivables	45,403	56,304
Contract assets	816	8,791
Other receivables, deposits and prepayments	1,357	1,501
Current tax assets	380	642
Derivative financial assets	59	143
Deposits with licensed banks	31,268	56,238
Cash and bank balances	5,591	3,641
	117,361	161,239
TOTAL ASSETS	180,801	243,136
EQUITY		
Share capital ^(b)	156,040	154,716
Reserves	(12,981)	(12,597)
(Accumulated losses) / Retained profits	(7,769)	46,887
Total equity	135,289	189,006
Non-Current Liabilities		
Borrowings	13,660	16,404
Deferred tax liabilities	530	530
	14,190	16,934
Current Liabilities		
Provision for warranty	166	744
Trade payables	1,252	8,199
Contract liabilities	737	481
Other payables and accruals	5,420	2,422
Amount due to an associate	725	955
Borrowings	23,022	24,235
Lease liability	-	68
Current tax liabilities	-	92
	31,322	37,196
Total liabilities	45,512	54,130
TOTAL EQUITY AND LIABILITIES	180,801	243,136
Net assets per share attributable to owners of the Company (RM) ^(b)	0.20	0.29

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 2022 and the accompanying explanatory notes attached to this interim financial report.*

(b) *Based on 668,473,231 ordinary shares in issue as disclosed in Note B11.*

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue	6,105	18,216	25,098	73,035
Cost of sales	(3,157)	(10,642)	(11,290)	(36,539)
Gross profit	2,948	7,574	13,808	36,496
Other income	233	634	3,105	2,154
Operating expenses	(9,556)	(3,696)	(29,789)	(20,194)
Research and development expenses	(5,488)	(1,245)	(9,782)	(3,066)
Other expenses	(26,489)	(589)	(29,516)	(931)
(Loss) / Profit from operation	(38,352)	2,678	(52,174)	14,459
Share of profit / (loss) of associate, net of tax	649	(471)	15	(719)
Finance costs	(577)	(413)	(2,215)	(1,277)
(Loss) / Profit before tax	(38,280)	1,794	(54,374)	12,463
Taxation	(17)	(119)	(282)	53
(Loss) / Profit for the financial period	(38,297)	1,675	(54,656)	12,516
Other comprehensive income, net of tax:				
Item that will be reclassified subsequently to profit or loss:				
Fair value loss on other investments	(65)	-	(65)	-
Foreign currency translation differences arising from foreign operation	89	(2)	84	(8)
Total comprehensive (loss) / income for the financial period	(38,273)	1,673	(54,637)	12,508
(Loss) / Earnings per share:-				
Basic (sen) ^(b)	(5.73)	0.26	(8.18)	1.96
Diluted (sen) ^(c)	(5.71)	0.26	(8.15)	1.95
*Included in operating expenses:				
ESG expenses	(122)	(208)	(499)	(548)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD
ENDED 30 SEPTEMBER 2023 (cont'd)**

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 2022 and the accompanying explanatory notes attached to this interim financial report.*
- (b) Based on 668,473,231 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.*

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	← 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	(Accumulated Losses) / Retained Profits RM'000	Total Equity RM'000
At 1 October 2022	154,716	(12,954)	(291)	709	(61)	46,887	189,006
Total comprehensive loss for the financial period	-	-	(65)	-	84	(54,656)	(54,637)
<i>Transaction with owners:</i>							
Issue of shares pursuant to RSP vested	1,323	-	-	(1,323)	-	-	-
Recognition of equity-settled share-based payment	-	-	-	920	-	-	920
At 30 September 2023	156,039	(12,954)	(356)	306	23	(7,769)	135,289
At 1 October 2021	91,367	(12,954)	(291)	174	(53)	34,371	112,614
Total comprehensive income for the year	-	-	-	-	(8)	12,516	12,508
<i>Transaction with owners:</i>							
Issuance of ordinary shares	63,712	-	-	-	-	-	63,712
Share issuance expenses	(878)	-	-	-	-	-	(878)
Issue of shares pursuant to RSP vested	515	-	-	(515)	-	-	-
Recognition of equity-settled share-based payment	-	-	-	1,050	-	-	1,050
At 30 September 2022	154,716	(12,954)	(291)	709	(61)	46,887	189,006

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 2022 and the accompanying explanatory 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 30 SEPTEMBER 2023

	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(54,374)	12,463
Adjustments for:		
Allowance for expected credit losses	11,505	931
Amortisation of development costs	7,422	1,795
Depreciation of property, plant and equipment	3,157	2,844
Depreciation of right-of-use asset	65	78
Dividend income	-	(7)
Equity-settled share-based payment	921	1,050
Fair value loss / (gain) on derivative financial instruments	84	(193)
Gain on disposal of property, plant and equipment	(56)	(57)
Impairment loss on goodwill	13,663	-
Interest expense	2,215	1,277
Interest income	(1,183)	(1,097)
Inventories written off	500	-
Property, plant and equipment written off	87	-
(Reversal of) / Provision for warranty	(578)	190
Share of results of associate	(15)	719
Unrealised loss arising from transactions with associate	389	3,146
Unrealised loss / (gain) on foreign exchange	2,061	(608)
Operating (loss) / profit before working capital changes	(14,137)	22,531
Decrease / (Increase) in inventories	992	(21,890)
Decrease / (Increase) in receivables	7,582	(26,928)
Decrease in payables	(4,172)	(5,312)
Cash used in operations	(9,735)	(31,599)
Income tax paid	(112)	(407)
Interest paid	(2,215)	(1,273)
Net cash used in operating activities	(12,062)	(33,279)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of development costs	(7,017)	(6,906)
Changes in an associate's balance	(229)	411
Dividend received	-	7
Interest received	1,183	1,097
Investment in an associate	-	(6,565)
Withdrawal / (Placement) of fixed deposits	13,693	(10,959)
Proceeds from disposal of property, plant and equipment	79	100
Purchase of property, plant and equipment	(1,033)	(2,795)
Net cash from / (used in) investing activities	6,676	(25,610)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 (cont'd)

	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement, net of expenses in relation to the private placement	-	62,834
Payment of lease liabilities	(68)	(83)
Drawdown from banking facilities	17	10,649
Repayment of term loan	(1,574)	(1,570)
Net cash (used in) / from financing activities	<u>(1,625)</u>	<u>71,830</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		
	(7,011)	12,941
Effects of changes in exchange rates	84	(5)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>29,851</u>	<u>16,915</u>
CASH AND CASH EQUIVALENTS AT END	<u>22,924</u>	<u>29,851</u>
The cash and cash equivalents are represented by:		
Deposits with licensed banks	31,268	56,238
Cash and bank balances	5,591	3,641
Bank overdraft	(2,500)	(4,899)
	<u>34,359</u>	<u>54,980</u>
Less: Fixed deposits pledged to licensed banks	(8,271)	(7,691)
Fixed deposits with maturity more than three months	(3,164)	(17,438)
	<u>22,924</u>	<u>29,851</u>

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 2022 and the accompanying explanatory 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 30 SEPTEMBER 2023

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 have 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 Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 2022 and the accompanying explanatory 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 amendments/improvements to MFRSs that are mandatory for the current financial period:

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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
MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information	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 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to determine

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the financial statements for the financial year ended 30 September 2022 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.

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter under review.

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 12 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
ATE	4,784	16,882	19,623	67,156
Related services	1,321	1,334	5,475	5,879
	<u>6,105</u>	<u>18,216</u>	<u>25,098</u>	<u>73,035</u>

Principal Markets

Revenue	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,804	2,267	8,732	15,854
China	1,016	10,453	7,253	42,573
Singapore	1,261	3,932	4,043	6,911
Rest of the World	2,024	1,564	5,070	7,697
	<u>6,105</u>	<u>18,216</u>	<u>25,098</u>	<u>73,035</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 30 September 2023 are as described below: -

		30.09.2023 RM'000
Associate Company	Nature of Transactions	
Tangming Shengshi Technology (Jiashan) Co., Ltd. ("TMSS")	Sales of goods	833
	Intellectual properties cost	34

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. Review of Performances

	Individual Quarter 3 months ended			Cumulative Quarter 12 months ended		
	30.09.2023 RM'000	30.09.2022 RM'000	Changes (RM'000 / %)	30.09.2023 RM'000	30.09.2022 RM'000	Changes (RM'000 / %)
Revenue	6,105	18,216	(12,111) / (66)	25,098	73,035	(47,937) / (66)
(Loss) / Profit from operation	(38,352)	2,678	(41,030) / (1,532)	(52,174)	14,459	(66,633) / (461)
(Loss) / Profit before tax	(38,280)	1,794	(40,074) / (2,234)	(54,374)	12,463	(66,837) / (536)
(Loss) / Profit for the financial period	(38,297)	1,675	(39,972) / (2,386)	(54,656)	12,516	(67,172) / (537)

Comparison with the preceding year corresponding quarter

The Group's revenue recorded a decrease of 66% in the current quarter ("Q4FY23") as compared to the preceding year corresponding quarter ("Q4FY22") due to cautious capital expenditure spending from customers which foresee a slowdown in semiconductor industry and deferment of delivery for the quarter under review due to slowdown in customers' expansion pace.

Operating expenses have increased mainly due to increment of staff related costs (exclude senior management) in order to recruit and retain talent to prepare the Group for the next cycle of growth. Besides, a bonus provision comprising a contractual bonus, RM1.8 million and performance bonus, RM1.487 (excluding senior management) has been provided to the staff for retention purpose in support of the upcoming business growth and new products development.

R&D expenses have increased due to amortisation cost and more R&D resources were deployed in the research activities for new product development purposes. To reflect the sluggish semiconductor industry in FY2023 and to comply with the accounting standard assessment, the management has amortised additionally RM3.774 million during the current quarter, which is a one-off and non-cash expense.

Other expenses have increased due to a RM30.30 million of one-off and non-cash expense such as allowance for expected credit loss and impairment of goodwill, which are explained in detail in the next section.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

Comparison with the corresponding financial period to date in the previous financial year

Total revenue for the current 12 months financial year ended 30 September 2023 (“FYE2023”) has recorded a decrease of 66% as compared to corresponding 12-months financial year ended 30 September 2022 (“FYE2022”) due to cautious capital expenditure spending from customers which foresee a slowdown in semiconductor industry and deferment of delivery for the quarter under review due to slowdown in customers’ expansion pace.

Operating expenses have increased mainly due to increment of staff related costs (exclude senior management) in order to recruit and retain talent to prepare the Group for the next cycle of growth. Besides, a bonus provision comprising a contractual bonus, RM1.8 million and performance bonus, RM1.487 (excluding senior management) has been provided to the staff for retention purpose in support of the upcoming business growth and new products development.

R&D expenses have increased due to amortisation cost and more R&D resources were deployed in the research activities for new product development purposes. To reflect the sluggish semiconductor industry in FY2023 and to comply with the accounting standard assessment, the management has amortised additionally RM3.774 million during the current quarter, which is a one-off and non-cash expense.

Other expenses have increased due to the one-off and non-cash expenses illustrated below:

Unrealised Loss on Foreign Exchange

The Company recorded unrealised loss on foreign exchange due to weakening of RMB as at year end. It is a non-cash accounting assessment during the year end closing to reflect the latest forex rate impact.

Allowance for Expected Credit Loss (“ECL”)

Malaysian Financial Reporting Standard (“MFRS”) 9 requires companies to measure impairment of trade receivables, using the ECL model. The Company is required to assess how current and future economic conditions impact the collectability of the trade receivables during the year end closing. In 2023, semiconductor industry is experiencing slowdown and impacting a lot of semiconductor companies, including Aemulus.

During the financial year, the Company has collected a total of RM31.178 million from our debtors, in which RM5.300 million was collected from our associate company - TMSS. In compliance with MFRS 9, the Company has prudently made a general provision of ECL amounted to RM10.793 million during the current quarter, in order to reflect the collectability risk arising from the semiconductor industry slowdown, geopolitical and economic uncertainty. This provision of ECL is a one-off and non-cash expense. In the subsequent financial year, this ECL provision will be reversed upon collection received.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES

B1. Review of Performances (cont'd)

Comparison with the corresponding financial period to date in the previous financial year (cont'd)

Impairment Loss on Goodwill

Goodwill arises on the acquisition of business and represents the excess of the consideration transferred over the Group's interest in the net assets, liabilities and contingent liabilities of the acquiree. Back in 2008, Aemulus Sdn Bhd ("ASB") entered into a Master Transfer of Business Agreement with Aemulus Corporation Sdn Bhd ("ACSB") for the acquisition by ACSB of the entire business of ASB. The transfer of business was completed on 6 February 2009 and ACSB has recognised a goodwill amounted to RM13.663 million arising from this transfer.

In compliance with MFRS 136, the goodwill is subject to annual impairment review and any impairment loss will be recognised as an expense in the income statement. During the current quarter, the Company is prudently recognising a goodwill impairment loss of RM13.663 million to reflect the slowdown of semiconductor industry and its impact on the Company financial performance during the financial year as required by the accounting standard. This impairment loss is a one-off and non-cash expense in nature.

Finance cost increased mainly attributed to the drawdown of trade line facilities for working capital purpose.

In summary, the Group recorded a loss of RM54.656 million in FYE2023.

Management Analysis on the Net Loss:

	3 months ended 30.09.2023	12 months ended 30.09.2023
	RM'000	RM'000
Core Business Net Loss	7,993	23,654
Adjustment for One-Off and Non-Cash Expenses:		
Unrealised Loss on Foreign Exchange	2,074	2,060
Accelerated Amortisation of Development Costs	3,774	3,774
Allowance for Expected Credit Loss	10,793	11,505
Impairment Loss on Goodwill	13,663	13,663
Sub-total (one-off and non-cash)	30,304	31,002
Net Loss for the financial period	38,297	54,656

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

Statement of Financial Position Review

	As at 30.09.2023 RM'000	As at 30.09.2022 RM'000	Changes (RM'000 / %)
Review on Significant Variances:-			
Intangible assets	23	13,686	(13,663) / (100)
Trade receivables	45,403	56,304	(10,901) / (19)
Deposits with licensed banks	31,268	56,238	(24,970) / (44)
Borrowings	36,682	40,639	(3,957) / (10)

Intangible assets - Goodwill

Goodwill arises on the acquisition of business and represents the excess of the consideration transferred over the Group's interest in the net assets, liabilities and contingent liabilities of the acquiree. Back in 2008, Aemulus Sdn Bhd ("ASB") entered into a Master Transfer of Business Agreement with Aemulus Corporation Sdn Bhd ("ACSB") for the acquisition by ACSB of the entire business of ASB. The transfer of business was completed on 6 February 2009 and ACSB has recognised a goodwill amounted to RM13.663 million arising from this transfer.

In compliance with MFRS 136, the goodwill is subject to annual impairment review and any impairment loss will be recognised as an expense in the income statement. During the current quarter, the Company is prudently recognising a goodwill impairment loss of RM13.663 million to reflect the slowdown of semiconductor industry and its impact on the Company financial performance during the financial year as required by the accounting standard. This impairment loss is a one-off and non-cash expense in nature.

Trade receivables

Trade receivables decreased 19% mainly attributable to the collection received from the customers and ECL is provided to align with accounting standard MFRS 9.

Deposits with licensed banks

Deposits have decreased 44% due to withdrawal of fixed deposits for general working capital purpose.

Borrowings

Total borrowings have decreased 10% due to repayment of banking facilities in FYE2023.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

B2. Comparison with Preceding Quarter

	Individual Quarter 3 months ended		Changes (RM'000 / %)
	30.09.2023 RM'000	30.06.2023 RM'000	
Revenue	6,105	3,857	2,248 / 58
Loss from operation	(38,352)	(6,002)	(32,350) / 539
Loss before tax	(38,280)	(6,785)	(31,495) / 464
Loss for the period	(38,297)	(6,900)	(31,397) / 455

The Group recorded a loss of RM38,297 million in Q4FY23 mainly attributable to the lower revenue and one-off expenses provided in Q4FY23 as explained in B1.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

B3. Prospects

Despite the challenges, the China region begins to show signs of recovery. As reported by Reuters (<https://www.reuters.com/technology/value-apple-sales-underperforms-huawei-xiaomi-chinas-singles-day-data-2023-11-23/>), analysts forecasted China smartphone sales to rebound in the fourth quarter of 2023 (Q1FY24), after a ten-quarter-streak of negative growth. In fact, the smartphone sales of Huawei and Xiaomi grew 66% and 28% correspondingly year-on-year, in the two-week-sales-carnival ended in November 2023.

TMSS expects to increase tester shipments in the China region in Q1FY24, as compared to Q3FY23, in tandem with the increasing demand mentioned. As a matter of fact, the inventory by tester-unit in TMSS has decreased by approximately 45% in the nine-month-period (Q2FY23 to Q4FY23). With the momentum of business development activities in China and engineering engagement with customers in the region in the past and expected to be in Q1FY24, the Group anticipates a significant increase in revenue contribution from the China region starting Q2FY24.

In FY2024, the Smartphone market segment is expected to contribute significantly to the Group's financial performance whereas other market segments continue to stay flat. The Automotive segment may revive due to demand improvement and introduction of new products. The new products, added to our Amoeba (AMB) series testers are developed to target Silicon Carbide (SiC) and Gallium Nitride (GaN) related semiconductor devices.

Technologically, the Group has made progress too. Investment in research and development (R&D) has extended to up-and-coming technologies, like ultra-wideband and advanced discrete devices.

Despite a discouraging financial year (FY2023), the Group has double down in business development, engineering engagement and R&D activities throughout FY2023. The investment is expected to bear fruits and to help cushion the sluggish demand in other market segments in FY2024. The re-structuring of business operation in TMSS has paved the way to embrace the potential revival of the China market.

With the closure of FY2023, the Group would like to express our gratitude to our customers, vendors, employees and all stakeholders who continued to believe in us.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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		Cumulative Quarter	
	3 months ended		12 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	(17)	(119)	(282)	53

The subsidiary of the Group is 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 for a period of five (5) years from 31 December 2018 to 30 December 2023.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 30 September 2023 (RM'000)	Reallocation (RM'000)	Deviation		Balance of Proceed as at 30 September 2023 (RM'000)
					(RM'000)	%	
Future viable investment(s)	Within 48 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	(1,500)	-	-	-	-
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	(24,316)	-	-	-	7,000

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.

* The timeframe for utilisation of future viable investments was extended for 2 years based on the Announcement made by the Company dated 25 August 2022.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 30 September 2023 (RM'000)	Reallocation (RM'000)	Deviation		Balance of Proceed as at 30 September 2023 (RM'000)
					(RM'000)	%	
Future investments/ acquisitions/ collaborations	Within 24 months	7,000	-	-	-	-	7,000
Research and development expenditure	Within 24 months	12,000	(12,000)	-	-	-	-
Capacity expansion	Within 24 months	9,000	(167)	-	-	-	8,833
Additional investment in its joint venture	Within 12 months	13,000	(6,565)	(6,435) *	(6,435)	(49.50)	-
Repayment of borrowings	Within 6 months	9,000	(9,000)	-	-	-	-
Sustainability and environmental, social and governance ("ESG") efforts	Within 24 months	500	(500)	-	-	-	-
Working capital	Within 12 months	12,412	(18,769)	6,357	6,357	51.22	-
Estimated expenses in relation to the Proposed Private Placement	Upon completion	800	(878) ^	78	78	9.75	-
Total cash proceeds		63,712	(47,879)	-	-	-	15,833

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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.

* The balance of additional investment in its joint venture was transferred to working capital based on the Announcement made by the Company dated 2 December 2022.

B7. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 30 September 2023 are as follows:-

	As at 4th quarter ended 30 September 2023					
	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:						
Overdraft	-	-	-	2,500	-	2,500
Revolving credit	-	-	-	16,516	-	16,516
Bankers' acceptance	-	-	-	970	-	970
Finance lease liabilities	-	1,180	-	412	-	1,592
Term loan	-	12,480	-	2,624	-	15,104
Unsecured:						
Nil	-	-	-	-	-	-

	As at 4th quarter ended 30 September 2022					
	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:						
Overdraft	-	-	-	4,899	-	4,899
Revolving credit	-	-	-	9,499	-	9,499
Bankers' acceptance	-	-	-	7,879	-	7,879
Finance lease liabilities	-	1,325	-	359	-	1,684
Term loan	-	15,079	-	1,599	-	16,678
Unsecured:						
Nil	-	-	-	-	-	-

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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)	Assets (RM'000)
- Less than 1 year	1,603	59

The Group's derivative financial assets 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 and RMB. 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 30 September 2023.

B11. Earnings Per Share ("EPS")

(a) Basic EPS

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
(Loss) / Profit attributable to owners of the Company (RM'000)	(38,297)	1,675	(54,656)	12,516
Weighted average number of ordinary shares ('000)	668,473	656,063	668,473	656,063
Basic EPS (sen)	(5.73)	0.26	(8.18)	1.91

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

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

(b) 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 12 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
(Loss) / Profit attributable to owners of the Company (RM'000)	(38,297)	1,675	(54,656)	12,516
Weighted average number of ordinary shares ('000)	668,473	656,063	668,473	656,063
Adjustment for dilutive effect of RSP ('000)	2,122	1,627	2,122	1,627
	<u>670,595</u>	<u>657,690</u>	<u>670,595</u>	<u>657,690</u>
Diluted EPS (sen)	<u>(5.71)</u>	<u>0.25</u>	<u>(8.15)</u>	<u>1.90</u>

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

	Current Quarter RM'000	Current Year To Date RM'000
Allowance for expected credit loss	10,793	11,505
Amortisation of development costs	4,899	7,422
Depreciation of property, plant and equipment	763	3,157
Depreciation of right-of-use asset	7	65
Equity-settled share-based payment	170	921
Fair value (gain) / loss on derivative financial assets	(16)	84
Impairment loss on goodwill	13,663	13,663
Interest expense	577	2,215
Interest income	(233)	(1,183)
(Gain) / Loss on foreign exchange		
- Realised	(41)	66
- Unrealised	2,074	2,061

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

B13. Environmental, social and governance (“ESG”) efforts

	Current Quarter RM'000	Current Year To Date RM'000
Breakfast, lunch and dinner subsidy to employees	102	426
COVID-19 related expenses	-	1
Donation and sponsorship	7	45
Others	13	27
Total	122	499

In July 2023, Peace Children Care Centre was running extremely low in funds - it came to our knowledge that their centre has been struggling to stay afloat through the person in charge of the home. As such, we made the call to sponsor them a total amount of RM6,000 (RM500/month) for 12 months in hopes that it will lift a little burden of their shoulders. In the same month, we organised Ride for Sight 2023 in partnership with St. Nicholas Home - it was intended to raise awareness and to offer a rare opportunity for the visually impaired to have a cycling experience that was beyond their means. We sponsored a total of RM5,143 to this cycling event and was extremely thankful to all participants.

It was a fruitful month for us as we also brought the kids of Children’s Protection society to Penang’s Glass Museum and Boutique Aquarium and made a RM2,000 donation to their home as well. In order, to have our staff aligned with our ESG goals, we took the chance to get them involved in the making of Overnight Oats Workshop for fund raising purposes.

In addition, we participated in Pop and Chee Healthy Farming’s MARS Project - a tree planting activity - with the kids of Ru Yi Home, as part of our 6-month Sparks of Light for the Underprivileged.

In celebration of Mid-Autumn Festival, we held an in-house Jelly Mooncake Workshop to get our staff included in our ESG initiative and were able to raise some funds for charity - which would be donated to a charity home in need. As we wrap up our Sparks of Light for the Underprivileged initiative, the kids of Pusat Jagaan Persekutuan Kebajikan Anak-Anak Yatim Islam Pulau Pinang had a great time visiting Entopia and we channelled a humble amount of RM1,500 to the home as a small token of gift.