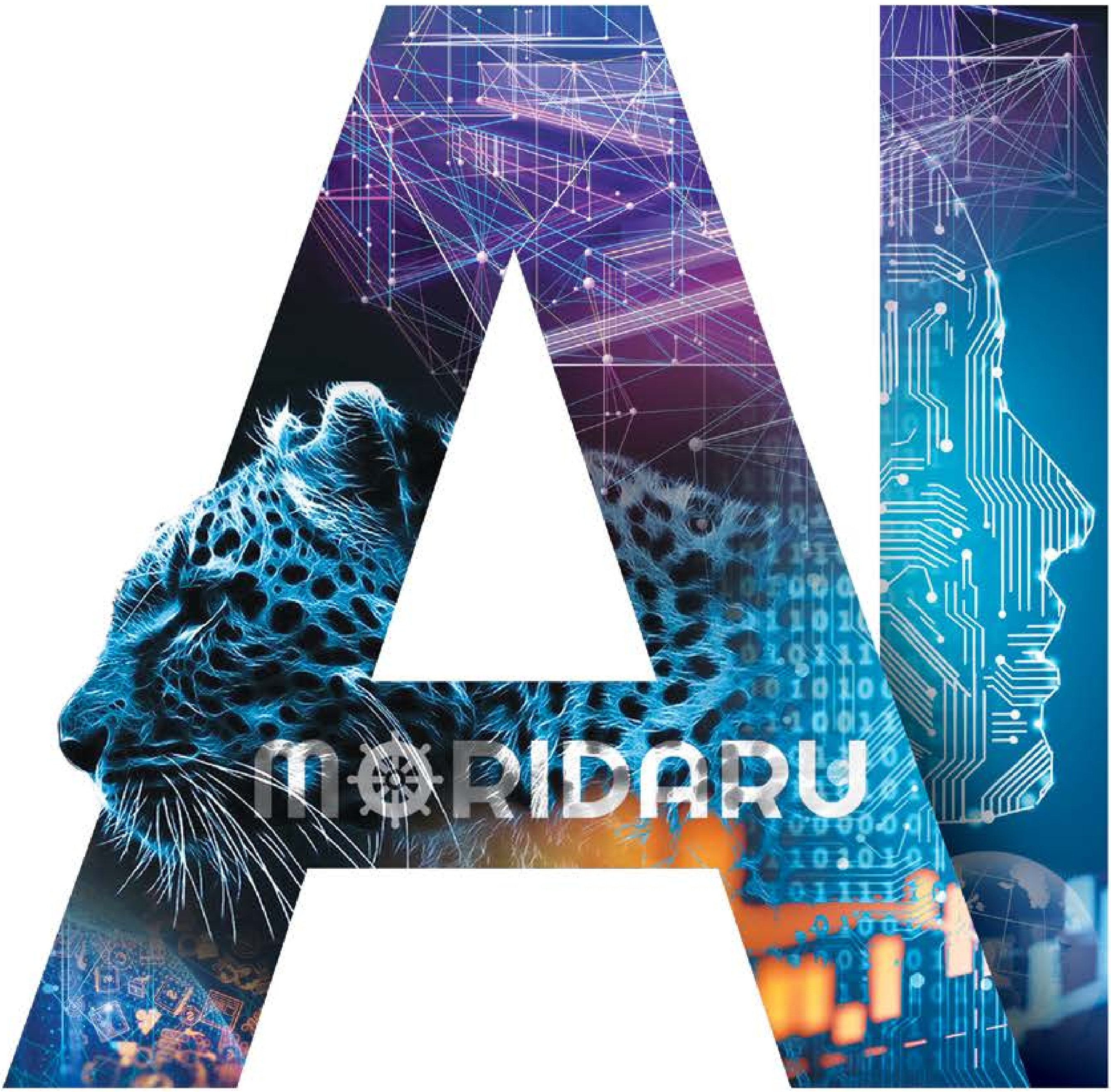
Aemulus™

Aemulus Holdings Berhad

(Company No. 1114009-H)

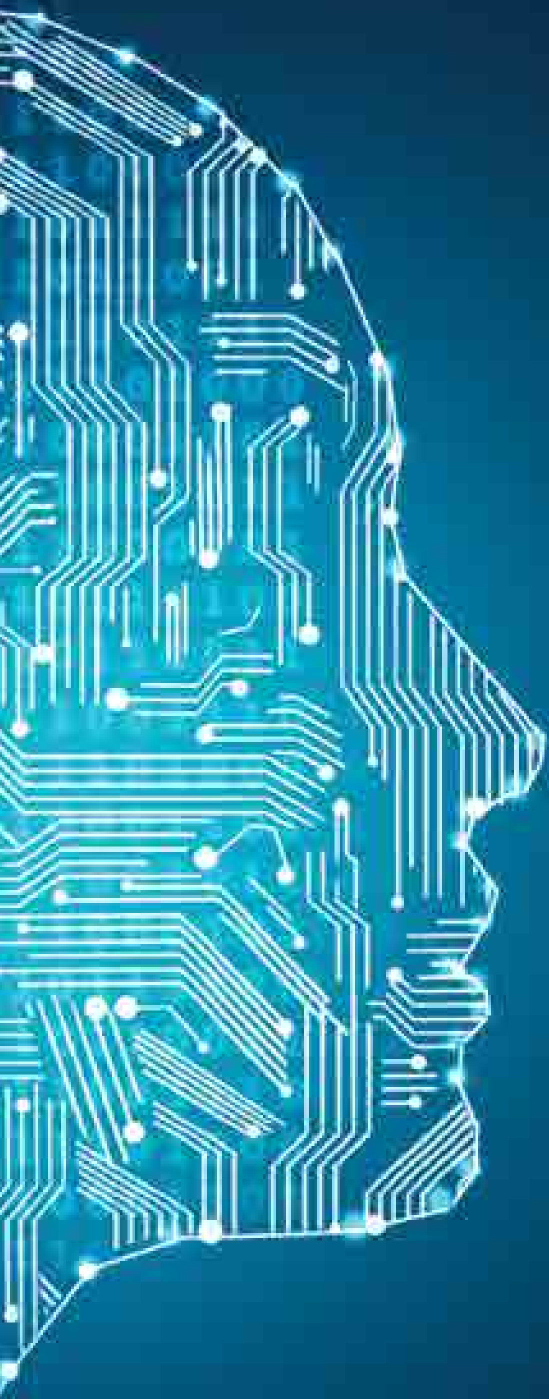


THE MARVEL OF TEST ECOSYSTEM

ANNUAL REPORT 2018

THE MARVEL OF TEST ECOSYSTEM

Years of investment into developing technologies and the evolution of Artificial Intelligence (“AI”), the Group has successfully created the latest AI that minimises risks and solves problems proactively. Focusing on a future where pick-and-place data intelligence enables pinpoint data processing in order to formulate the best strategies to combat challenges in any digital system, the Company offers an all-in-one solution. Towards a promising future on a global scale with great potential, Aemulus Holdings Berhad will continue to realise the possibilities of a state-of-the-art innovation.



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MORIDARU

Voyagers navigate by the stars for years prior to the compass' invention. Then, travellers explore the world with Global Positioning System ("GPS"). Today, Internet of Things ("IoT") can predict your next move deftly.

As the figure of connected devices increases across the globe, the AI revolution has reached to a point that the world is awed by its capability in predicting future events.

Introducing Moridaru — a creation of human, an apprentice of humankind, and an intelligent engine of AI, empowered to discover the unseen and detect anomalies in your scope of work.

Embrace Moridaru, Empower Your Work.

CORPORATE INFORMATION

Directors

CHOK KWEE BEE
Senior Independent Non-Executive Director/ Chairman

NG SANG BENG
Executive Director/Chief Executive Officer

YEOH CHEE KEONG
Executive Director/Chief Operating Officer

WONG SHEE KIAN
Executive Director/Chief Technology Officer

NG CHIN WAH
Executive Director/Chief Financial Officer

ONG CHONG CHEE
Independent Non-Executive Director

FRIISCOR HO CHII SSU
Independent Non-Executive Director

KAN KY-VERN
Non-Independent Non-Executive Director
(Resigned on 19 June 2018)

Audit Committee

ONG CHONG CHEE
Chairman

CHOK KWEE BEE
Member

FRIISCOR HO CHII SSU
Member

Remuneration Committee

CHOK KWEE BEE
Chairman

NG SANG BENG
Member

ONG CHONG CHEE
Member

WONG SHEE KIAN
Member

FRIISCOR HO CHII SSU
Member

Nomination Committee

CHOK KWEE BEE
Chairman

ONG CHONG CHEE
Member

FRIISCOR HO CHII SSU
Member

Company Secretaries

Chee Wai Hong (BC/C/1470)
Tan She Chia (MAICSA 7055087)

Registered Office

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : (604) 2289 700
Fax No. : (604) 2279 800

Business Address

1C-6-02, One Precinct
Lengkok Mayang Pasir
11950 Penang
Tel No. : (604) 6846 000
Fax No. : (604) 6466 799

Sponsor

TA Securities Holdings Berhad
28th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel No. : (603) 2072 1277
Fax No. : (603) 2026 7241

(Ceased to be Company's Sponsor on 1 Octorber 2018)

Auditors

Grant Thornton (AF:0042)
Chartered Accountants
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : (604) 2287 828
Fax No. : (604) 2279 828

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : (603) 2783 9299
Fax No. : (603) 2783 9222

Principal Bankers

CIMB Bank Berhad
CIMB Islamic Bank Berhad
CTBC Bank Co. Ltd
United Overseas Bank (Malaysia) Bhd.
HSBC Bank Malaysia Berhad
OCBC Bank Malaysia

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : AEMULUS
Stock Code : 0181

Company Website

www.aemulus.com

CORPORATE STRUCTURE

History, Principal Activities And Group Structure

Aemulus Holdings Berhad ("Aemulus") was incorporated in Malaysia on 17th October 2014 under the Companies Act, 1965 as a public limited company under its present name. Aemulus is principally an investment holding company with one (1) wholly-owned subsidiary, namely Aemulus Corporation Sdn Bhd ("ACSB"). ACSB's principal activities are in the design and development of automated test equipment ("ATE"), test and measurement instruments, and the provision of design consultancy and test-related services.

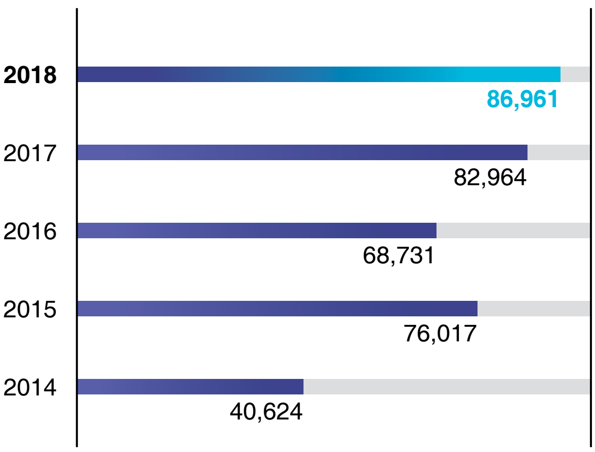
The current group structure is detailed as follows:-

FINANCIAL HIGHLIGHTS

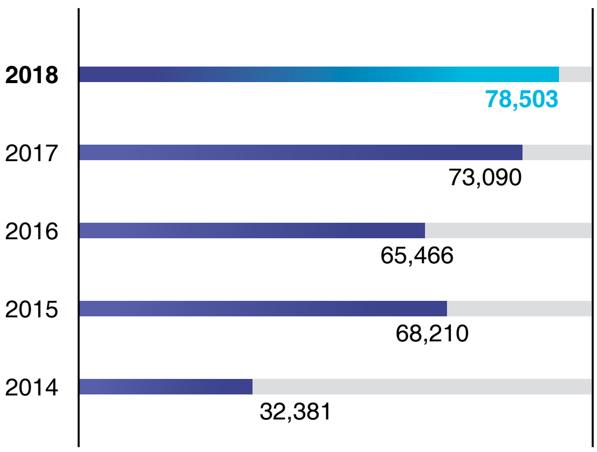
The Financial Highlights for financial year 2014 reflects only that of Aemulus Corporation Sdn Bhd as Aemulus Holdings Berhad was only incorporated on 17th October 2014. The Financial Highlights should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial period ended 30th April 2015 as disclosed in the Prospectus of the Company dated 26th August 2015 and the interim notes attached to these interim financial statements.

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Total assets	40,624	76,017	68,731	82,964	**86,961**
Equity	32,381	68,210	65,466	73,090	**78,503**
Revenue	23,307	32,591	21,984	40,068	**36,958**
Net profit/(loss)	8,034	9,067	(2,735)	7,552	**5,296**

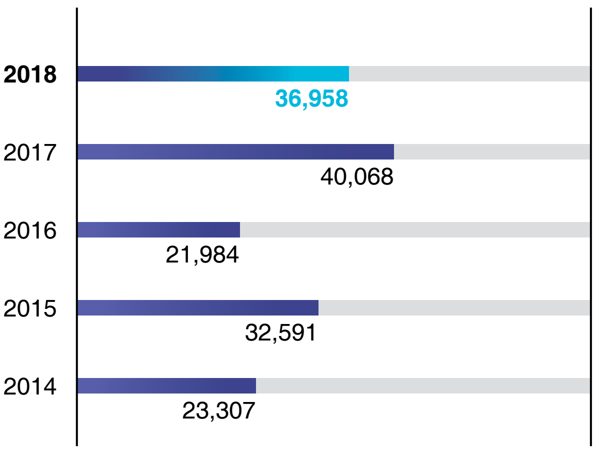
Total Assets
(RM'000)



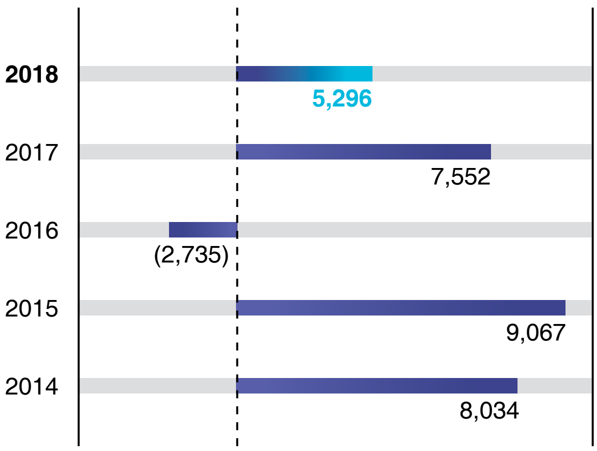
Equity
(RM'000)



Revenue
(RM'000)



Net Profit/(Loss)
(RM'000)



MANAGEMENT DISCUSSION & ANALYSIS

THE GROUP'S BUSINESS AND OPERATIONS

As a design house, Aemulus architects and markets semiconductor testers or ATE. We focus primarily on radio frequency ("RF") and mixed-signal semiconductor test markets, followed by automotive and lighting markets. Our objective is to constantly enhance and provide test solutions that propel our customers towards optimum productivity and operational efficiency.

To achieve this objective, our strategies include — investing in research on new test methodologies, algorithms, test instrumentation design, and test software; as well as research on how data science can help testers in predictive analysis and maintenance.

FINANCIAL PERFORMANCE REVIEW

	2018 (RM'000)	2017 (RM'000)	Change (RM'000)	%
Revenue	**36,958**	40,068	(3,110)	(8)
Cost of Sales	**13,628**	14,945	(1,317)	(9)
Gross Profit	**23,330**	25,123	(1,793)	(7)
Research and Development Expenses	**5,207**	5,119	88	2
Administrative Expenses	**13,497**	13,456	(41)	-

Amid the global economy headwinds, Aemulus experienced a slight decrease of 8% in the revenue for the Financial Year End ("FYE") 2018 as compared to FYE2017, from RM40.068 million last year to RM36.958 million this year.

Driven by customers' demand, our primary market sector — the enterprise storage segment has contributed consistent revenue in both financial years. In comparison, the smartphone/tablet segment delivered lower-than-expected revenue this year, as a result of challenging marketing activities in the Far East.

Cost of sales has decreased correspondingly from RM14.945 million in FYE2017 to RM13.628 million in FYE2018, in line with the decrease in revenue. Similarly, the gross profit has decreased from RM25.123 million in FYE2017 to RM23.330 million in FYE2018. Nonetheless, gross profit margin recorded a slight increase from 62.70% in FYE2017 to 63.13% in FYE2018.

The Group continues its emphasis on the research and development ("R&D") investment. A total of RM5.207 million R&D expenses has been spent in FYE2018 in relation to our continuous effort in the enhancement of product features and development of cost-optimised test solutions for our customers. Apart from this, we have also capitalised an amount of RM1.008 million pertaining to our expenditures in developing new test platforms, such as Moridaru.

To support our growing business operation, administrative expenses were maintained at RM13.497 million in FYE2018 and RM13.456 million in FYE2017 respectively.

FINANCIAL POSITION REVIEW

	2018 (RM'000)	2017 (RM'000)	Change (RM'000)	%
Non-Current Assets	**22,808**	20,468	2,340	11%
Current Assets	**64,153**	62,496	1,657	3%
Non-Current Liabilities	**1,832**	2,247	(415)	(18%)
Current Liabilities	**6,626**	7,627	(1,001)	(13%)

As of FYE2018, the Group's non-current assets have grown 11% as compared to FYE2017; it is attributed to the purchase of property, plant, and equipment to support business operation, production, and R&D activities.

Current assets recorded an increase of RM1.657 million or 3% in FYE2018. The increase was mainly attributed to the increase in inventories from RM17.597 million in FYE2017 to RM20.341 million in FYE2018, in tandem with our strategic move of stocking-up long lead time and critical inventories to support potential sales pipeline. Other receivables, deposits, and prepayments have increased by approximately RM0.717 million due to the professional fees paid for the acquisition of land as announced on 23rd January 2017 and implementation of a new ERP system.

Non-current liabilities recorded a decrease of RM0.415 million attributed to the repayment of term loan.

Current liabilities have decreased approximately 13% or RM1.001 million during the year, mainly attributed to the decrease in trade payables from RM4.136 million in FYE2017 to RM1.998 million in FYE2018, in tandem with the payment to suppliers.

DIVIDEND POLICY

Aemulus does not have an explicit dividend policy.

OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS

After a good revenue growth of 82% in FYE2017, we braved through FYE2018 with a drop of 8% in revenue and closed at RM36.958 million. As compared to FYE2017, a 30% decrease of net profit consequent to the drop; net profit stays at RM5.296 million.

FYE2018 was a challenging year; the smartphone/tablet market segment retreated due to the shrink of world demand — for the first time — in more than 10 years. According to International Data Corporation ("IDC"), the world shipment for smartphones shrank 6% year-over-year in the third quarter of 2018. On top of that, trading tensions between major economies introduced new variables to the semiconductor test industries. These uncertainties have either delayed or affected our sales of products to this market segment. We experienced a decrease in revenue in Malaysia and the Far East. In the Far East, China lost its momentum but part of the losses was compensated by gains in South Korea. Throughout the financial year, we managed to hold the line and we kept the revenue impact at 8% reduction and remained profitable.

Yet, FYE2018 did have its fair share of achievements and applaudable efforts. Successful market penetration in South Korea was a great feat. Our debut in South Korea made a huge gain — the revenue contributed RM6.907 million. In curbing the drop in China, we re-introduced testing of IoT devices using our Amoeba™ 7600 series and subsequently received positive traction in the China market.

Back at home, we made a right move in optimising our production throughput. We streamlined our operation by upgrading our Enterprise Resource Planning ("ERP") system, restructuring the organisation, and introducing "Fix o' Lead", which is an operation forecasting and delivery initiative. At the time of writing, we have achieved zero delay in all stations along the operation flow for the first time in handling throughput greater than RM30 million in a year.

Moving on to products, we introduced and integrated our own RF-related intellectual property ("IP") in the new Amoeba 7600-S test system. The new RF modules containing the IP reduce approximately 15% in cost to produce the test system, at the same time, minimising variables in end product delivery. The new IP encapsulates huge improvements in performance and accuracy over the previous third-party modules, and scalability in addressing a wider range of semiconductor devices.

OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS (Cont'd)

On a different vertical, Moridaru, the AI product of Aemulus, rode on our ATE network and successfully gained traction in this new line of R&D. Moridaru encompasses data flow processing, AI solution, and hardware accelerator. According to Gartner, the worldwide public cloud service revenue forecast is estimated to grow 21.4% in 2018; a total of USD186.4 billion. In fact, Software as a Service (SaaS) remained as the largest segment of the cloud market, racking up to USD73.6 billion. SaaS segment is estimated to reach USD117.1 billion in 2021. Aemulus is playing the long game; the success of Moridaru shall stretch our reach beyond the semiconductor market while we continue to thrive in the traditional ATE business.

In FYE2019, the business environment shall remain challenging. We anticipate the smartphone/tablet market demand to be flat. Yet, the management believes that having our current relatively small revenue size, there shall still be ample room to manoeuvre and grow in the semiconductor test market. We have adequate sales and engineering resources to grow and expand in the Far East. Having said that, we will leverage on the resources to further explore the IoT/baseband market.

Next to the smartphone/tablet market, the IoT/baseband market segment is a fresh market, which we have started to look into in FYE2018. In fact, our existing Amoeba 7600 series was able to serve this market partially with a minimal enhancement. In addition, a more powerful test solution is currently in its development stage. To be specific, Amoeba 4600 is enhanced with features designed specifically for the IoT/baseband market; and the targeted launch is set towards the last quarter of FYE2019.

Given the nature of relatively long purchase and build cycle of our products, the management will look into optimising our inventory with the objective of meeting demands and ensuring on-time delivery. At the same time, we aim to strengthen our operation and leverage on the new ERP system to help us in relative-reduction of our inventory holding, as compared to FYE2018. We shall see aggressive investment, activities, and development in Moridaru in FYE2019. More information on the progress of Moridaru will be updated in 2019.

On a different note, in FYE2018, when the 5th November 2017 flash flood in Penang badly damaged the homes and vehicles of some of our employees, the board of directors and management team provided financial assistance in times of crisis. A total of RM17,300 was raised to aid employees who were affected by the flood.

Here, the Board would like to express a heartfelt gratitude to all share-holding-believers of Aemulus, who are the employees, management, and shareholders.

"The strength of the pack is the wolf; and the strength of the wolf is the pack." - The Jungle Book.

Chok Kwee Bee

Senior Independent Non-Executive Director / Chairman

Chok Kwee Bee, a Malaysian, female, aged 66, is our Senior Independent Non-Executive Director / Chairman. She was appointed to the Board on 8th December 2014 as Independent Non-Executive Director and Chairman. She was designated as Senior Independent Non-Executive Director on 13th November 2015. She holds a Bachelor of Arts (Honours) degree in Business Studies from Kingston University, United Kingdom ("UK") and she is also an Associate of the Chartered Institute of Bankers, UK.

Ms Chok is presently the Managing Director of Teak Capital Sdn Bhd, a venture capital management company and a Principal of Intres Capital Partners Sdn Bhd. Prior to that, she was with Walden International, a Silicon Valley based venture capital firm, overseeing the operations and investments of Walden International and BI Walden in Malaysia. She was also previously Head of Corporate Finance at AmInvestment Bank Berhad. She previously held posts as a member of the Securities Commission Capital Market Advisory Council, Chairman of the Malaysian Venture Capital and Private Equity Association, Non-Executive Board member of the Audit Oversight Board and also a member of the Malaysian Venture Capital Development Council.

She is currently a non-executive Board member of Hong Leong Bank Berhad, a non-executive Board member of MIMOS Technology Solutions Sdn Bhd (formerly known as Frontier Novatur Sdn Bhd, a wholly-owned subsidiary of MIMOS Berhad) and a Management Committee Member of the Malaysia Venture Capital Management Berhad and Private Equity Association. She also sits on the board of several private limited companies.

Ms Chok was appointed as Director of Aemulus Corporation Sdn Bhd on 26th May 2010, a position she holds until now.

Ms Chok Kwee Bee is the Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee. She has no family relationship with any Directors or major shareholders of the Company.

Ng Sang Beng

Executive Director / Chief Executive Officer

Ng Sang Beng, a Malaysian, male, aged 42, is our Executive Director / Chief Executive Officer. He was appointed to the Board on 8th December 2014. He is responsible for the strategic operations, business development activities, and R&D roadmap of the Group.

He graduated with a Bachelor of Electrical Engineering from University of Technology Malaysia in 1999. He began his career with Altera Corporation (M) Sdn Bhd ("Altera") in 2001 as the Test Development Engineer and Component Applications Engineer. He was then promoted to Component Applications Supervisor in 2002. He left Altera in 2004 to co-found Aemulus Sdn Bhd with Yeoh Chee Keong in the same year.

He has been involved in the semiconductor industry for more than 18 years and has vast knowledge in the area of design and development of semiconductor tester which focuses on radio frequency, analogue/digital/mixed-signals, Input / Output Buffer Information Specification ("IBIS"), Boundary Scan Description Language, signal integrity and custom Field Programmable Gate Array ("FPGA") designs.

He was recognised as one of the Endeavour Entrepreneurs by Endeavour Global at its 55th international selection panel 2014. He makes an appearance at various community events with intentions to enlighten the young generation, motivate struggling startups, and to spur the growth of local entrepreneurs.

He currently sits on the board of several private limited companies.

Mr Ng Sang Beng is a member of the Remuneration Committee. He has no family relationship with any Directors or major shareholders of the Company.

Yeoh Chee Keong

Executive Director / Chief Operating Officer

Yeoh Chee Keong, a Malaysian, male, aged 51 is our Executive Director / Chief Operating Officer. He was appointed to the Board on 8th December 2014. He is responsible for the operations of the Group.

He graduated with a Bachelor of Engineering from University of Lincolnshire and Humberside in 2001 and a Diploma in Engineering in 1989 from Damansara Utama College. He started his career in 1993 at Unico Electronics (Penang) Sdn Bhd as the Design Engineer for semiconductor burn-in boards. In 1998, he joined MCMS Sdn Bhd with responsibility for electronics product design and manufacturing. In 2001, he joined Altera as the Senior Engineer where he was involved in load board and characterisation board designs for FPGA tester systems.

He has more than 20 years of design and management experience in the electronics test industry with an extensive experience in PCB design and high speed signal integrity simulations and analysis. He is also well versed with PCB design tools and simulation tools. In 2004, he left Altera to co-found Aemulus Sdn Bhd with Ng Sang Beng. He takes control of the overall business efficiency — oversees the functionality of operations, validity of partnership agreements, and the viability of established policies. He continues to drive extensive and sustainable growth for the Group.

He currently sits on the board of several private limited companies.

He has no family relationship with any Directors or major shareholders of the Company.

Wong Shee Kian

Executive Director / Chief Technology Officer

Wong Shee Kian, a Malaysian, male, aged 40, is our Executive Director / Chief Technology Officer. He was appointed to the Board on 8th December 2014. He is responsible for overseeing the overall R&D roadmap and R&D activities of the Group. He is the head of all divisions categorised under the Group's R&D activities (i.e. R&D, new product introduction, software and product application divisions). He plays a significant role in the product application division of the Group whereby he provides technical support to the Group's marketing team such as competitive analysis, product configurations, test time analysis and product demonstration as well as pre-sales and after-sales technical support and new product planning.

He graduated with a Bachelor of Electrical Engineering degree from University of Malaya in 2002. In 2009, he obtained a Master Degree in Engineering (Microelectronics) from the Multimedia University. He started his career in 2002 at Altera as a Component Applications Engineer and was responsible in characterising Input / Output buffers and developing specific simulation models, e.g. IBIS. He has extensive experience in system-level signal integrity simulation and analysis. He has provided signal integrity and behavioural modelling trainings to engineers including Altera's regional support centres and worldwide Field Applications Engineers. He was also actively involved in various roll-out activities of new products by Altera. In 2005, he left Altera to join our Group as our R&D Manager and was promoted to Chief Technology Officer in 2006.

He currently sits on the board of several private limited companies.

Mr Wong Shee Kian is a member of the Remuneration Committee. He has no family relationship with any Directors or major shareholders of the Company.

Ng Chin Wah

Executive Director / Chief Financial Officer

Ng Chin Wah, a Malaysian, male, age 39, is our Executive Director / Chief Financial Officer. He was appointed as Executive Director on 13th January 2017 and subsequently appointed as Chief Financial Officer on 1st March 2017. He graduated from University of Malaya with a Bachelor Degree in Accountancy (Honours) in 2003. He is a Chartered Accountant and a member of Malaysian Institute of Accountants.

He started his career in 2003 as an Audit Assistant with Ernst & Young, Penang and was promoted to Audit Senior in 2005. In 2007, he joined Ernst & Young, Singapore as an Audit Senior. During his tenure with Ernst & Young, he was involved in audit and advisory services covering a wide range of sectors and industries including semiconductor, manufacturing, property development, construction, and trading. He has extensive exposures in Financial Reporting Standard ("FRS") of Malaysia and Singapore, US Generally Accepted Accounting Principles ("GAAP") reporting, initial public offerings and compliance requirement pursuant to the Sarbanes Oxley Act, 2002 of the USA.

Mr Ng joined our Group in 2009 as the Finance Manager. In April 2015, he was promoted to Financial Controller and subsequently appointed as Chief Financial Officer on 1st March 2017. He is responsible for the overall finance and accounts functions of our Group.

He was awarded "Best Chief Financial Officer for Investor Relations" at the Investor Relations Awards 2018 by Malaysian Investor Relations Association ("MIRA").

He has no family relationship with any Directors or major shareholders of the Company.

Ong Chong Chee

Independent Non-Executive Director

Ong Chong Chee, a Malaysian, male, aged 42, is our Independent Non-Executive Director. He was appointed to our Board on 20th July 2015.

He started his career as a Tax Consultant in Deloitte in 1998 and was promoted to Senior Manager in 2004. He left Deloitte in 2005 and subsequently, he set up Advent MS Tax Consultants Sdn Bhd ("Advent") in 2005. He is one of the founders and an Executive Director of Advent. Advent is currently the tax division of Moore Stephens Malaysia. He has more than 20 years of experience in audit and taxation. His areas of expertise include advisory on tax audit and investigation, business restructuring, mergers and acquisitions, and advisory on real estate and goods and services taxes.

He is a member of the Association of Chartered Certified Accountants, UK ("ACCA") since 2002 and a fellow member of ACCA since 2007. He is a fellow member and a chartered tax practitioner of the Chartered Tax Institute of Malaysia, a chartered accountant of the Malaysian Institute of Accountants, an associate member of The Institute of Internal Auditors Malaysia, an income tax agent and goods and services tax agent licensed by the Ministry of Finance.

He also sits on the board of several private limited companies.

Mr Ong Chong Chee is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He has no family relationship with any Directors or major shareholders of the Company.

Friiscor Ho Chii Ssu

Independent Non-Executive Director

Friiscor Ho Chii Ssu, a Malaysian, male, aged 47, is our Independent Non-Executive Director. He was appointed to our Board on 20th July 2015.

He graduated with a Master of Business Administration from Malaysian Institute of Management and the University of Bath, UK in 2002. In 1995, he obtained a Bachelor of Science in Electrical Engineering from Washington University, The United States of America ("USA") in May 1995 and a Bachelor of Arts in Physics from Ohio Wesleyan University, USA in September 1995.

He started his career as an Integrated Circuit Designer at Intel Technology Sdn Bhd in 1995. In 1998, he joined Altera as the Section Manager and set-up an R&D engineering department. He left Altera in 2005 and joined Jaalaa Malaysia Sdn Bhd (a radio frequency Integrated circuit ("IC") start-up company based in San Diego, USA) as the Director of Engineering ("DOE") where he set up an R&D and operations engineering center. In 2006 he left to join an advanced miniature camera module developer, Vista Point Technologies (M) Sdn Bhd, before re-joining Altera in 2008 as the DOE for Software and Intellectual Property Engineering. He left joined Motorola Solutions Malaysia Sdn Bhd ("Motorola") in 2012 as the DOE for land mobile radio products. In 2015, he moved to his current position as Director of Centralised Managed, and Support Service Operations at Motorola.

He has approximately 20 years of experience in broad, high technology industries ranging from IC design, test development and software engineering to network/radio communications intellectual property, imaging and radio frequency products development, in addition to the management of supply chain partners, extensive involvement in operations and engagements with customers. Since 2015, he has held a leadership role in global managed and support services inclusive of network operations centre (NOC), security operations centre (SOC), tools development, customer technical support, system integration, upgrade and deployment services, while supporting service strategy and design activities.

Mr Friiscor Ho Chii Ssu is a member of the Audit Committee, Remuneration Committee, and Nomination Committee. He has no family relationship with any Directors or major shareholders of the Company.

Notes:

1. All the above Directors do not have any conflict of interest with the Company.
2. Other than traffic offences, none of the Directors of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. The Directors' shareholdings are as disclosed in this Annual Report.
4. None of the Directors of the Company hold or have held any Directorships in other public companies and listed issuers, save for Ms Chok Kwee Bee, details of which are as disclosed in her profile at page 10 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

Ong Chuin Tein

Senior R&D Director

Ong Chuin Tein, a Malaysian, male, age 40, was appointed as Senior R&D Director on 1st April 2013. He graduated from University of Malaya with a Bachelor in Electrical Engineering degree in 2002.

He started his career in 2002 as a Component Applications Engineer at Altera. During his career with Altera, he was responsible in solving FPGA configuration issues, which was escalated to Altera's factory by the Field Application Engineers. He was also responsible in providing embedded solutions and reference designs for some of the Altera's FPGA and Complex Programmable Logic Device ("CPLD") users' reference while actively involved in various new products roll-out activities which include new device check-out, evaluation and characterisation, as well as generation of technical collaterals such as datasheet, application notes and white papers.

In 2005, he joined our Group as a Project Manager and was subsequently promoted to Senior R&D Director. His journey with the Group was described as profoundly challenging and best suited his areas of interest. Overseeing the digital discipline of the Group R&D department, he is constantly in the know with the advent of technology and the problems arised within the industry. His extensive knowledge of market intelligence provide him a head start in developing products that are in tune with the market needs; from a wide array of PXIe modules to high pin count digital testers.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Low Bok Siew

R&D Director

Low Bok Siew, a Malaysian, male, age 39, was appointed as R&D Director on 1st April 2013. He graduated from University of Malaya with a Bachelor in Electrical Engineering degree in 2002.

He started his career in 2002 with Agilent Technologies (M) Sdn Bhd ("Agilent") as the Product Engineer and was subsequently promoted to Senior Product Engineer in the Signal Sources Department. He was responsible in leading several microwave products and knowledge transfers from Agilent's site in USA to Agilent Technologies Penang in 2002-2005, and has successfully set-up the production of the microwave products from front-of-line to end-of-line.

He joined our Group in 2005 as a Project Manager and was promoted to R&D Director in 2013. He has an extensive working experience in the RF-related field in particular, the signal source production support. His in-depth knowledge includes RF and analogue designs, various test and measurement devices such as signal generators, spectrum analysers, network analysers and power sensors. He is responsible for researching and developing new products and technologies. Specifically, he is in charge of defining and designing the hardware discipline for ATE. He continually looks for creative solutions in bridging the communication between hardware and digital, at the same time, streamlining the variable process.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Moy Shin Fei

Chief Architect of Software & Data Science

Moy Shin Fei, a Malaysian, male, age 39, was appointed as Senior Software Director on 1st April 2014 and subsequently appointed as Chief Architect of Software & Data Science on 5th March 2018. He graduated from University of Kebangsaan Malaysia with a Bachelor in Electrical, Electronics and System Engineering degree in 2002.

He started his career in 2002 with Altera as a Component Applications Engineer and was involved in design and development of new products check-out, evaluation and characterisation, technical collaterals and setting up of the internet portal for the Altera group. In 2004, he joined Agilent as the Senior IC Design Engineer and was involved in designing the revolutionary laser mouse sensor. He has vast working experience in architecting and designing digital hardware system, embedded processor system, firmware and client/server desktop applications.

He joined our Group as the R&D Manager in 2005. He was promoted to Senior Software Director in 2014 and subsequently appointed as Chief Architect of Software & Data Science in 2018. He is responsible in defining our software roadmap and architecting scalable software. In tune with software market trend and transition, he plans our entry into Industry 4.0. He leads a team of professional in securing data management, managing big data analytics, and devising machine-learning algorithms.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Tan E Chiang

Vice President of Product, Sales & Marketing

Tan E Chiang, a Malaysian, male, age 41, was appointed as Senior Marketing Director on 1st April 2010 and subsequently appointed as Vice President of Product, Sales & Marketing on 5th March 2018. He graduated from University of Technology Malaysia with a Bachelor in Electrical Engineering degree majoring in Telecommunication in 1999.

He started his career in 2000 as the Field Support Engineer with Lucent Technologies (M) Sdn Bhd. In 2003, he joined Intel Microelectronics (M) Sdn Bhd as the Senior Technical Marketing Engineer and had several promotions before assuming the position of Lead Application Engineer. During his employment with Intel Microelectronics (M) Sdn Bhd, he was responsible in setting up a new division in Penang while leading a team to support regional marketing and customer support activities within the Asia-Pacific region. In 2006, he joined Intel Technology as the Strategic Product Planner where he is involved in roadmapping the division's long-term strategic plan and strategic product definition activities. He is also involved in setting up a new department to transfer product definition activities from Intel Technology to Intel Technology Malaysia.

He joined our Group in 2007 as the Marketing Manager. He was promoted to Senior Marketing Director in 2010 and subsequently appointed as Vice President of Product, Sales & Marketing in 2018. He is adept in long-term marketing strategy including product definition, market segmentation, brand building, and customers retaining. With his well-connected network, he has fortified the Group's brand foundation among the key players in the ATE industry both locally and internationally. He is in charge of his extended team members in offshore to cater to the growing international customer base.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

John Ng Say Huat

Operation Director

John Ng Say Huat, a Malaysian, male, age 41, was appointed as Operation Director on 1st April 2017. He graduated from University of Technology Malaysia with a Bachelor in Mechanical Engineering degree majoring in Aeronautical in 2000.

He started his career in 2000 as the Product Engineer with Sony Electronic (M) Sdn Bhd. In 2002, he joined ITW Meritex Sdn Bhd as the Product Engineer in Electronic Component Packaging System ("ECPS") division and had several promotions before assuming the role of Operation Manager in Automotive (IMPRO) division. He had a wide range of experience in Jedec Tray designing from managing the Asia customers during his stint with ECPS. Then, he was actively involved in market share expansion and business acquisition projects as a Sales Manager. An internal transfer to automotive division saw his accomplishment in breaking through business downturn crisis within the South East Asia. He was able to provide overall cost-effective solutions to customers with exhaustive sourcing, products transfer, and projects localisation.

He joined our Group in 2015 as the Operation Manager and was promoted to Operation Director in 2017. He is accountable to lead an established operational team in our Group, constantly improving operational time effectiveness and quality assurance. Besides that, he is actively involved in developing local and regional business, optimising production capacity, maximising planning efficiency by revamping the delivery schedule and internal workloads.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Sean Lin Hsiu-Hung

Worldwide Sales Director / Far East Sales General Manager

Sean Lin Hsiu-Hung, a Taiwanese, male, age 48, was appointed as Worldwide Sales Director on 1st April 2017. He graduated from National Chiao Tung University of Taiwan with a Bachelor in Electronic Engineering majoring in Telecommunication in 1997.

He started his career in 1997 with Schlumberger Limited as an Application Engineer, and eventually took on roles as an Application Manager cum Field Marketing Manager in NPTest, Inc.. In 2002, he joined Chroma ATE, Inc. as the Product Manager of Semiconductor Business Unit and was in charge of business development, and market positioning and pricing; setting expectation and benchmark for the first Taiwan ATE company. In 2006, he joined Teradyne, Inc. as the Regional Business Development Manager ("BDM") of Global Service Organisation. Subsequently, he progressed to Aeroflex, Inc. as the Asia Pacific BDM in 2010, where he transformed instrument solution into semiconductor test solution provider. He had a wide range of experience in semiconductor test industry from managing the Asia region's outsourced assembly and test ("OSAT") companies through the supply chain of the global fabless' demand. He also led the sales team in new product market penetration and market share expansion.

He joined our Group in 2015 as the General Manager East Asia and was promoted to Worldwide Sales Director / Far East Sales General Manager in 2017. He is in charge to drive both local and international sales. He works closely with the marketing team in strategising new market penetration, creating opportunities, and optimising sales volume. He is responsible for leveraging and integrating current sales and field support teams to achieve the Group's revenue and profit target. Keeping track of global fabless requirements, he continues to grow sales volume through the demand of Asia's OSAT in the South East Asia and Far East.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Notes:

1. *All the above Key Senior Management do not have any conflict of interest with the Company.*
2. *Other than traffic offences, none of the Key Senior Management of the Company has any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Marketing & Promotions

Moridaru "Speaks" at SEMICON SEA 2018 22nd May 2018

The crowd understands Moridaru and its AI capability in less than 3 minutes.

Aemulus unveiled the fervently anticipated launch of Moridaru — a revolutionary software framework with AI capability on 22nd May 2018 at SEMICON SEA 2018. The launch gambit, which took form as an exclusive movie premiere, wowed honourable guests and visitors with features and functionalities of Moridaru on test production floors.

Graced by the presence of YBhg. Dato' Azman Mahmud, CEO of Malaysian Investment Development Authority ("MIDA"), and Ir Dr Karl Ng Kah Hou, Data Economy Director of Malaysia Digital Economy Corporation ("MDEC"), the launch event was a showstopper as a result of tireless strategic event planning by the Marketing Department.

Moridaru is a platform that encompasses a software framework with AI capability. Moridaru will accelerate smart manufacturing by integrating devices, data, processes, and people. It runs predictive risks with its preset machine-learning algorithms on test production floors. A structured test production floor will enable engineers to fully utilise their time to interpret and decode massive amount of data, which they have encountered daily on the production floor. Consequently, the cycle will repeat itself — improved data analysis is equivalent to precise risks prediction. These data-driven actions will eventually lead to smarter factories.

Invited honorable guests continue to debate about the future of AI in the manufacturing industry with Aemulus' directors.

Aemulus exhibits Moridaru's hardware, an in-house designed Tensor Processing Unit (TPU) on the most left.

Aemulus' account managers introduce Moridaru's features to visitors.

Onlookers and guests are counting down to the launch.

The brilliant team is delighted to see the fruits of their hard work.

Staff Engagement
Symposium and Annual Dinner
19th October 2018

In schools, parent-teacher meetings happen once a year for the purpose of academic review. It is no different at Aemulus, our subordinate-management symposium is an annual affair that takes place to commemorate outstanding achievers and to lay the foundation for the journey in the upcoming year.

This year, a cross-functional team was applauded for successfully structuring and integrating the company's main functional areas with ERP system. The automation and integration of business processes across sales, finance, supply chain, and operations through ERP enables Aemulus to focus on effectiveness and to stay competitive in today's business environment. It was a tedious and long journey; their hard work produced positive advantages and brought forth major convenience for the whole company. The symposium ended with lunch.

In the evening, not only did we dress to half our age, we also went through a whole new experience of school life. The annual dinner organising committee has transformed Aemulus into Aemulus International School for Overgrown Kids for a night.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group's Corporate Social Responsibility ("CSR") principle emphasises on initiatives that are aligned with the interests of all stakeholders. The Group takes up initiatives that benefit the community and the environment, at the same time, bring value to all stakeholders.

In FYE2018, we lend a hand to our employees.

Having fought against all odds to penetrate and thrive in this niche industry, the founders of Aemulus could not have survived the turbulent early years without its valued employees. "Miracles happen all the time" has become the unofficial credo of the company as a result of a strong corporate culture that celebrates unity and teamwork.

Employees are the backbone of the company, and as part of the company's CSR, we believe that kindness does not discriminate, and our employees — regardless of background and role in the company — are equally entitled to attention and care in the face of adversity.

To further illustrate, on 5^{th} November 2017 Aemulus' board of directors and management team lived up to the company's credo once more, but this time it was for the employees. When Penang Island and the mainland were affected by flash floods, a communication channel was promptly set up to reach out to employees in need. Financial relief and assistance in the form of physical and emotional support were also offered to affected employees in times of crisis.

Corporate Social Responsibility Penang Flood Fund 5^{th} November 2017

In a news article dated 2^{nd} November 2017 published by New Straits Times, it was reported that Penang has experienced a total of 119 flash flood incidences since 2013 until October 2017.

The alarming number was just a prelude to one of the worse flash floods Penang would have experienced in November 2017. "Penang Paralysed by Floods" was a headline published on 5^{th} November 2017 by The Star, which hit close to home affecting many employees of Aemulus.

The news report claimed statements from netizens that areas such as Lintang Sungai Ara and Gurney Drive, which have been flood-free for over 30 years were severely affected in 2017 flash flood disaster.

Many homes and vehicles belonging to employees of Aemulus were damaged in the nine-hour downpour. Within 24 hours, Aemulus' Human Resource extended assistance and financial aid to affected employees; a total of RM17,300 for 13 employees. The financial aid was offered to employees with any damaged property, which includes residential and commercial units, and motor vehicles, including cars and motorcycles.

Ang E Mei

Dear Mr Sang Beng,

Healing starts with a tiny spark.

Thank you so very much for your rapid response in raising Aemulus Penang Disaster November 2017 Fund. The unexpected flood disaster has impacted my family not only mentally, but also financially. Kindness showered by you and the board of directors has given my family and I, a miraculous recovery.

My family and I are deeply grateful and I am very fortunate to be an employee of Aemulus.

"There is always light after the darkness."

With best wishes and our sincere gratitude,
E Mei

Chor Lee Ping

To the board of directors,

I appreciate the token given to me as one of the flood's victims; I have my motor vehicle repaired. Khop Khun Kaa ("Thank You" in Thai Language).

Adrian Hor

*Hi Sang Beng,
I wholeheartedly appreciate your help that had assisted me through the flood.*

Ken Kek Chee Hong

The Aemulus Penang Disaster November 2017 fund really helped me, thanks a lot and I really appreciate it. :)

Dennis Law

I am writing this email to express my gratitude and to thank you personally for helping us in times of need. It means a lot to us and it will not be forgotten.

Ray Chuah

Appreciate Aemulus' support. Here is a poem to all flood victims:

Flood
I see flood coming
And things start moving
We save what we could
Hoping that the rain will stop soon

Water level keep rising
Nowhere running, nowhere hiding
Just get things to higher ground like my dad said
"And that is what we hear all night and day"

When all is over
Clean-up means to start all over
Tired and sore to the core
Still you have to complete all chore

We help each other
Down to our ugly neighbour
We laugh at each other
Hoping there is no another

Flood brings us closer
As a family helping each other

Penang needs to be better
So stop throwing garbage down the river

Thank you.

Corporate Social Responsibility
Inventions Exhibition 2nd October 2017

The recipe for entrepreneurial success is passion and knowledge. It is our mission to advocate entrepreneurship, at the same time, to empower the young generation with knowledge and skills. We contributed to Inventions Exhibition because we agreed that out-of-classroom exposure of science and technology is important to the young generation.

Inventions Exhibition is a collaborative effort by Tech Dome Penang and National of Science and Technology Museum, Taiwan to inspire the interest of STEM; Science, Technology, Engineering and Mathematics in our future generation of leaders. The exhibition comprised of selected inventions from all walks of life as well as workshops available for students to participate throughout the year-end school holidays.

Finance Minister YB Lim Guan Eng officiates Inventions Exhibition at Tech Dome Penang.

A common-looking item on display piques the interest of secondary school students.

Corporate Social Responsibility
Co-hosting Working Experience Week with Straits International School
19th June – 25th June 2018

In line with efforts to uphold accountability as an organisation that nurtures young minds, Aemulus co-hosted Working Experience Week ("WEW") - a programme that was initiated by Straits International School ("SIS").

This brief apprenticeship was curated to lead young apprentices through a series of real-life work activities from one department to another, namely - human resource, product development, finance, revenue planning, and production.

Through this programme, apprentice Wayne Chua Wei Yang, Year 11 student of SIS, who was profoundly interested in electrical & electronics ("E&E") had gained invaluable exposure and knowledge in multiple areas of work at Aemulus. The experience gained will undoubtedly inspire his decision-making when determining his tertiary education pathway.

SIS Counsellor, Ms Jacee Chioh (on the left) expresses her gratitude to Aemulus for supporting the programme, WEW.

A production engineer shows the "birth" of a product in a sequence, from serial number generation to firmware installation.

After a crash course in resume and cover letter writing, Wayne experiences an interview session with three hiring managers.

A production planner paints a better picture of the revenue planning process to Wayne with a walk-through on site.

> *"Understanding the fundamental function of the studied product, AM471e has helped me to understand the significance of the product and its uses in different manufacturing aspects.*
>
> *Also, I think the exposure I obtained from this session — understanding the structures, elements, and methods of product costing will benefit me in the future as an entrepreneur."*
>
> **- Wayne Chuah Wei Yang,** Apprentice of WEW

The new product introduction's workflow continues to a crucial stop — functionality test at the system level.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("Board")** is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiary **("the Group")** in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance 2017 **("Code")** and the extent of compliance with the recommendations of the Code during the financial year ended 30 September 2018.

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report **("CG Report")**. The CG Report was announced together with the Annual Report of the Company on 24 January 2019. Shareholders may obtain this CG Report by accessing this link www.aemulus.com for further details.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I) Board Responsibility

Roles and Responsibilities of the Board

The Board recognises its duties and responsibilities as detailed in the Board Charter as expectations on how they discharge their duties.

The Board assumes the following principal functions and responsibilities:-

a) Review, approve and monitor the overall strategies and direction of the Group;
b) Identify the principal risks and implement appropriate system to manage such risks;
c) Oversee and evaluate the conduct and performance of the Group's business;
d) Review the adequacy of the Group's internal control policy;
e) Succession planning, including appointing, assessing training needs and fixing the compensation of the Directors; and
f) Ensures senior management has sufficient calibre and a succession plan is in place to ensure continuity of management.

The Board has delegated specific duties to three (3) subcommittees (Audit, Nomination and Remuneration Committees). These Committees have the authority to examine particular issues and report the same to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The presences of Independent Non-Executive Directors are necessary for the corporate accountability as they provide unbiased and independent views. Even though all Directors have equal responsibility for the Group's operations, the role of Independent Non-Executive Directors is particularly important in ensuring the strategies proposed by the management are discussed and examined while taking into account the long-term implications of the business, the Group, shareholders and other stakeholders' interests.

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms their commitment to ensure that such situations of conflicts are avoided.

Board Charter

The Board has adopted a charter to provide a reference for Directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, the Board Committees, the Chairman and Chief Executive Officer. The Board Charter is subject to review periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

Clear Functions of the Board and Management

To ensure the effective discharge of its functions and responsibilities, the Board Charter of the Company clearly set out the relevant matters that are reserved for the Board's approval, as well as those that are delegated to the Board Committees, Independent Non-Executive Chairman and Chief Executive Officer.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) Board Responsibility (Cont'd)

Clear Functions of the Board and Management (Cont'd)

Key matters reserved for Board's decision include, inter alia, the following:-

a) Approval of business strategy and Group's operational plan and annual budget;
b) Acquisition and disposal of assets of the Company or its subsidiary that are material in nature;
c) Approval of investment or divestment in a company / business / property / undertaking;
d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
e) Any other significant business direction; and
f) Corporate proposal on fund raising.

Code of Conduct and Ethics

The Board has also adopted a Code of Conduct and Ethics which is incorporated in the Board Charter of the Company. The said Code sets forth the expectations of the Company for its Directors and describes sound principles and standards of good practice that each Director is expected to uphold. It is formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors.

Directors are required to uphold the highest integrity in discharging their duties and in dealing with stakeholders, customers, employees and regulators.

Whistle Blowing Policy

The Board recognises the importance to put in place a Whistle Blowing Policy, which provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal. The Board will take necessary steps to formalise its Whistle Blowing Policy.

Promoting Sustainability

The Group recognises the environmental, social and governance aspects of sustainability as key elements in formulation of its objectives and strategies. The Group also recognises the need to safeguard and develop the workforce, strengthen stakeholders' relationship and protect the interest of shareholders. The sustainability activities are set out in the Corporate Social Responsibility Statement.

Board Meetings and Access to Information and Advice

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. All Directors are provided with the agenda and a full set of Board papers before each Board Meeting is convened. In addition to discussing the Group's performances in the meeting, certain matters which are reserved specifically for the Board's decision are discussed.

Senior management staff, investment bankers, accountants or solicitors will be appointed to act as advisers for any corporate proposal to be undertaken by the Group, and will be invited to attend Board meetings at which the corporate proposal is to be deliberated, in order to provide the Board with professional opinion and advice, and to clarify issues that may be raised by any Director.

The Board is regularly updated and advised by the Company Secretaries on new statutory as well as regulatory requirements. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretaries and the senior management. The Company Secretaries attend all Board and Board Committees' meetings and ensure that meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained.

Where appropriate, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well-informed decisions in discharging their duties on the matters being deliberated.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) Board Responsibility (Cont'd)

Company Secretaries

The Board is of the view that the current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Board obtained appropriate advice and services, if necessary, from the Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.

Board Meetings and Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 30 September 2018. The Directors also understand their responsibility to notify the Chairman before accepting any new directorship.

The Board is scheduled to meet at least four (4) times a year, with additional meetings to be convened when necessary. The Board met five (5) times during the financial year.

The Directors' attendance at the Board meetings during the financial year ended 30 September 2018 were as follows:-

Name of Directors	Attendance
Chok Kwee Bee	5/5
Ng Sang Beng	5/5
Yeoh Chee Keong	5/5
Wong Shee Kian	5/5
Ong Chong Chee	5/5
Friiscor Ho Chii Ssu	4/5
Ng Chin Wah	5/5
Kan Ky-Vern*	4/4

** Mr Kan Ky-Vern resigned as a Director on 19 June 2018.*

Directors' Training

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourage Directors to attend talks, training programmes and seminars to update themselves on new developments in the business environment. The Board will through the Nomination Committee evaluate and determine the training needs of its Directors on an annual basis.

All Directors have attended and successfully completed the Mandatory Accreditation Training Programme as required by Bursa Malaysia Securities Berhad **("Bursa Securities").** They have also attended various continuous education programmes such as seminars and conferences.

The following members of the Board had attended various undermentioned programmes:-

Name	No of days	Mode	Title
Ng Sang Beng	6	Seminar	Stanford - Endeavor Innovation and Growth Executive Education Programme
Wong Shee Kian	7 7 2	Training Training Conference	Machine Learning Introduction to Data Science deTECH Conference
Friiscor Ho Chii Ssu	8	Training	Business Relationship Management and Leadership Training

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) Board Responsibility (Cont'd)

Board Meetings and Time Commitment (Cont'd)

Name	No of days	Mode	Title
Yeoh Chee Keong	2 1	Forum Seminar	Khazanah Megatrend Forum 2018 Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2018
Ong Chong Chee	1 2 2	Seminar Conference Conference	2018 Budget Seminar National Tax Conference 2018 National GST Conference 2018
Chok Kwee Bee	2 1/2 2 1/2	Forum Seminar Conference Seminar	Khazanah Megatrends Forum 2017 Corporate Governance by Bursa Malaysia World Capital Market Symposium 2018 Cyber Security
Ng Chin Wah	1 1	Seminar Seminar	Sustainability Engagement Series for Chief Financial Officers / Chief Sustainability Officers 2018 2018 Budget Seminar

II) Board Composition

Composition of the Board

The Board currently consists of seven (7) members, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors.

The Board is led by a Senior Independent Non-Executive Chairman. The Non-Executive Directors complements the Board with a mix of industry-specific knowledge, skill, expertise and commercial experience. There is a clear division of responsibilities among directors to ensure a balance of power and authority. The number of Independent Directors is in compliance with the Listing Requirements of Bursa Securities for the ACE Market which requires the Board to have at least two (2) Independent Directors or 1/3 of the Board of Directors, whichever is higher, to be Independent Directors.

The brief profile of each Board member is presented under Directors' Profile of this Annual Report.

To assist the Board in the discharge of their duties effectively, the Board has delegated specific functions to certain committees, namely Audit Committee, Nomination Committee and Remuneration Committee. Each committee will operate within its clearly defined terms of reference. The Chairman of the various committees will report to the Board on the outcome of the committee meetings.

Tenure of Independent Directors

The Board notes the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

Presently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the Code.

Separation of Roles of Chairman and Chief Executive Officer

The role of the Independent Non-Executive Chairman and Chief Executive Director are distinct and separate to ensure that there is a balance of power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

The Chief Executive Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Chief Executive Director is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition (Cont'd)

Separation of Roles of Chairman and Chief Executive Officer (Cont'd)

All decisions of the Board are made based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no single individual or a group of individuals dominates the decision-making process.

Re-election of Directors

In accordance with the Company's Constitution (Articles of Association of the Company as adopted before the commencement of the Companies Act 2016), at the first Annual General Meeting of the Company, all the Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the Annual General Meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

The Directors to retire each year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board but the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution of the Company. Any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The details of the Directors seeking re-election at the forthcoming Fourth Annual General Meeting are disclosed in page 110 of this Annual Report.

Nomination Committee

The Nomination Committee comprises 3 Independent Non-Executive Directors. The Nomination Committee is chaired by a Senior Independent Non-Executive Director of the Company.

The duties and responsibilities of the Nomination Committee are guided by its terms of reference. It meets as and when required but the Nomination Committee shall meet at least once a year.

The Nomination Committee is authorised by the Board to:-

a) review the structure, size and composition of the Board;
b) review the nomination for the appointment or reappointment of the Board members;
c) recommend Directors who are retiring by rotation to be put forward for re-election; and
d) ensure that all Board appointees undergo an appropriate introduction and training programmes.

The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into the following key areas:-

- Composition
- Strategy and entrepreneurship
- Legal and regulatory requirements
- Corporate governance, risk management and internal controls
- Audit, accounting, financial reporting and taxation
- Human capital
- Sales and marketing
- Production and quality assurance

The process also assesses the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee also undertakes annual assessment of the independence of its independent directors based on criteria of independence as per requirements of ACE Market Listing Requirements.

The Board recognises the importance of independence and objectivity in the decision making process. The Board and its Nomination Committee in their annual assessment concluded that each of the three Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence. Each of them continues to fulfill the definition and criteria of independence as set out in ACE Market Listing Requirements of Bursa Securities.

When considering new appointment, the Nomination Committee shall evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria, taking care that appointees have sufficient time available to devote to the position.

The Nomination Committee and the Board do not set any target on gender, ethnicity and age diversity. Currently, the Company will provide equal opportunity to candidates who have the necessary skills, experience, competencies and other attributes regardless of gender, ethnicity and age. Nonetheless, the Company already has a well-diversified Board and the current composition of the Board with a female director.

The Nomination Committee had met two times during the financial year and the activities of the Nomination Committee are summarised as follows:-

(a) Reviewed and assessed the balance composition of the Board members, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.
(b) Assessed the performance of Independent Non-Executive Directors.
(c) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at the Third Annual General Meeting.
(d) Reviewed secession plan.
(e) Reviewed and recommended the change in the members of Remuneration Committee.
(f) Reviewed the term of office and performance of an audit committee.

The Nomination Committee is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors as well as the result of the assessment on the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director. The Nomination Committee is also satisfied with the performance of the audit committee as well as the performance of each of the audit committee members.

Workforce Diversity

The Group also has no immediate plans to implement a diversity policy as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. The Group will provide equal opportunity to candidates with merit.

Remuneration Committee

The Remuneration Committee comprises 3 Independent Non-Executive Directors and 2 Executive Directors and is chaired by a Senior Independent Non-Executive Director. It meets as and when required but the Remuneration Committee shall meet not less than once a year.

The Remuneration Committee is governed by its terms of reference and its primary function is to recommend to the Board from time to time, the remuneration framework and package of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberations and voting on the decision in respect of their own remuneration packages. The Board as a whole decides on the remuneration of the Non-Executive Directors, including the Non-Executive Chairman. The individual concerned should abstain from deliberations of their own remuneration packages. Directors' fees and Directors' benefits are subject to shareholders' approval at the Annual General Meeting.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition (Cont'd)

Remuneration Committee (Cont'd)

The Remuneration Committee held one meeting during the financial year ended 30 September 2018 to review the remuneration package of Executive Directors as well as Directors' fees and benefits for Non-Executive Directors.

In general, the remuneration is structured so as to link reward to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

The remuneration of the Directors of the Company for the financial year ended 30 September 2018, for the Company as well as the group basis are as follows:

	Salaries, allowance, bonus and EPF (RM)	Benefit-in-kind (RM)	Fee (RM)	Total (RM)
Group				
Executive Directors				
Ng Sang Beng	456,620	15,000	-	471,620
Wong Shee Kian	380,790	-	-	380,790
Yeoh Chee Keong	47,858	-	-	47,858
Ng Chin Wah	263,596	-	-	263,596
Non-Executive Directors				
Chok Kwee Bee	7,000	-	60,000	67,000
Ong Chong Chee	7,000	-	50,000	57,000
Friiscor Ho Chii Ssu	7,000	-	50,000	57,000
Kan Ky-Vern *(resigned on 19 June 2018)*	7,000	-	79,167*	86,167
Total	1,176,864	15,000	239,167	1,431,031
Company				
Executive Directors				
Ng Sang Beng	-	-	-	-
Wong Shee Kian	-	-	-	-
Yeoh Chee Keong	-	-	-	-
Ng Chin Wah	-	-	-	-
Non-Executive Directors				
Chok Kwee Bee	7,000	-	60,000	67,000
Ong Chong Chee	7,000	-	50,000	57,000
Friiscor Ho Chii Ssu	7,000	-	50,000	57,000
Kan Ky-Vern *(resigned on 19 June 2018)*	7,000	-	79,167*	86,167
Total	28,000	-	239,167	267,167

Note:

** RM29,167 out of RM79,167 was the payment of Director's fees to Mr Kan Ky-Vern for the financial year ended 30 September 2017.*

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established the Audit Committee, comprising 3 Independent Non-Executive Directors. The summary of the activities of the Audit Committee during the financial year ended 30 September 2018 are set out under the Audit Committee Report in this Annual Report.

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial positions and prospects in the financial statements and quarterly announcements to shareholders, investors and regulatory authorities in line with the financial reporting standards.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of financial reporting of the Group. All quarterly financial reports and financial statements are reviewed and discussed by the Audit Committee before they are tabled to the Board for consideration. The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in page 42 of this Annual Report.

Internal Control and Risk Management

The Board recognises the importance of risk management and internal controls in the overall management processes.

An overview of the state of internal controls and risk management within the Group is set out in this Annual Report under the Statement on Risk Management and Internal Control.

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines.

Internal Audit Function

The Group has outsourced the internal audit function to an independent professional firm, which is independent of the activities and operations of the Group. The Internal Auditors work within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy and effectiveness of the internal controls of the Group. The external Auditors will, in the course of their statutory audit, conduct a review of the internal control procedures and highlight any internal control weaknesses which have come to their attention. All such findings and recommendations made by the Internal and External Auditors are reported to the Audit Committee. Any significant issues are discussed at the Audit Committee's meetings.

The Internal Auditors will follow up on all its recommendations to ensure that management has implemented them in a timely and appropriate fashion. The Internal Auditors support the Audit Committee in its role to assess the effectiveness of the Group's overall system of internal controls.

Details on the Statement on Risk Management and Internal Control are furnished in pages 40 to 41 of this Annual Report.

Relationship with Auditors

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement.

A transparent and appropriate relationship with the auditors, both internal and external has been established through the Audit Committee. The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has assessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements. Accordingly, the Audit Committee has recommended the re-appointment of the external auditors at the Annual General Meeting of the Company.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Corporate Disclosure Policies and Procedures

Along with good corporate governance practices, the Company is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner.

Leverage of Information Technology for Effective Dissemination of Information

Information of the Group is also accessible through the Company's website (http://www.aemulus.com) which is updated on a regular basis. Information available in the website includes among others the Group Annual Report, quarterly financial announcements, major and significant announcements and latest corporate developments of the Group.

Strengthen Relationship between Company and Shareholders

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

Conduct of General Meeting

The Annual General Meeting is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meetings is encouraged whilst requests for briefings from the press and investment analysts are usually met as a matter of course.

Notice of Annual General Meeting and the annual report are sent to shareholders at least 28 days before the date of the meeting.

All the resolutions set out in the Notice of the last Annual General Meeting were put to vote by poll. The outcome of the Annual General Meeting was announced to Bursa Securities on the same meeting day.

COMPLIANCE WITH THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Company and the Group, and the highest level of integrity and ethical standards in all of its business dealings.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 3 January 2019.

ADDITIONAL COMPLIANCE INFORMATION

1. **Material Contracts Involving Directors, Chief Executive or Major Shareholders' Interest**

   There were no material contracts entered into by the Company and its subsidiary involving interests of the Directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. **Recurrent Related Party Transactions of a Revenue or Trading Nature**

   There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 September 2018.

3. **Utilisation of Proceeds**

   During the financial year, there was no proceeds raised by the Company from any corporate exercise.

4. **Audit Fees**

   During the financial year ended 30 September 2018, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows:-

	Audit Fee (RM)
Company	16,000
Group	49,000

5. **Non-Audit Fees**

   During the financial year ended 30 September 2018, the amount of non-audit fee paid to the external auditors and its affiliates by the Company and the Group respectively were as follows:-

	Non-Audit Fee (RM)
Company	13,000
Group	13,000

   Non-audit services rendered by Grant Thornton and their affiliates for:

   - Review of statement on risk management and internal control
   - Review of quarterly announcements
   - Tax service fees

6. **AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP")**

   RSP is the only share issuance scheme of Aemulus Holdings Berhad in the financial year ended ("FY") 30 September 2018, a maximum of 10% of the issued shares of Aemulus Holdings Berhad (excluding treasury shares) ("Plan Share") are available at any point in time during the tenure of the RSP. Further information on the RSP is set out in the Directors' Report and Note 33 of the Annual Audited Financial Statements for FY 30 September 2018 in this Annual Report.

6. AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP") (Cont'd)

Brief details on the number of Plan Shares granted, vested and outstanding since the commencement of the RSP on 15 February 2016, FY 30 September 2016, FY 30 September 2017 and FY 30 September 2018 are set out in the table below:

For the period from 15 February 2016 to 30 September 2016	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	-	-	-	-	-
Number of Plan Shares vested	-	-	-	-	-
Number of Plan Shares forfeited	-	-	-	-	-
Number of Plan Shares outstanding as at 30 September 2016	-	-	-	-	-

For the period from 1 October 2016 to 30 September 2017	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY2017	808,300	-	107,200	701,100
Number of Plan Shares vested	RSP FY2017	-	-	-	-
Number of Plan Shares forfeited	RSP FY2017	(21,500)	-	-	(21,500)
Number of Plan Shares outstanding as at 30 September 2017	**Total**	**786,800**	**-**	**107,200**	**679,600**

For the period from 1 October 2017 to 30 September 2018	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY2018	940,000	-	167,100	772,900
	Total	**940,000**	**-**	**167,100**	**772,900**
Number of Plan Shares vested	RSP FY2017	(337,000)	-	(53,600)	(283,400)
	RSP FY2018	-	-	-	-
	Total	**(337,000)**	**-**	**(53,600)**	**(283,400)**
Number of Plan Shares forfeited	RSP FY2017	(112,800)	-	-	(112,800)
	RSP FY2018	-	-	-	-
	Total	**(112,800)**	**-**	**-**	**(112,800)**
Number of Plan Shares outstanding as at 30 September 2018	RSP FY2017	337,000	-	53,600	283,400
	RSP FY2018	940,000	-	167,100	772,900
	Total	**1,277,000**	**-**	**220,700**	**1,056,300**

The aggregate maximum allocation of the options or shares to the Directors and senior management of the Group shall be at the discretion of the RSP scheme committee, subject to the By-Laws of the RSP. As at 30 September 2018, the actual percentage of Plan Shares granted to senior management was 15.69% of the total number of Plan Shares granted. The Company did not grant any Plan Share to Director for the FY 30 September 2018.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

COMPOSITION OF AUDIT COMMITTEE

Mr Ong Chong Chee
Chairman (Independent Non-Executive Director)

Ms Chok Kwee Bee
Member (Senior Independent Non-Executive Director / Chairman)

Mr. Friiscor Ho Chii Ssu
Member (Independent Non-Executive Director)

MEETINGS AND ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 30 September 2018. The record of attendance is as follows:-

Name of Committee Member	Attendance
Mr Ong Chong Chee	5/5
Ms Chok Kwee Bee	5/5
Mr Friiscor Ho Chii Ssu	4/5

In carrying out its duties, the Audit Committee reported to and updated the Board on significant issues and concerns discussed during the Audit Committee's meetings and where appropriate, made necessary recommendations to the Board. The Secretary was responsible to record all proceedings and minutes of all meetings of the Audit Committee.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms and reference of the Audit Committee ("AC"), the following activities were carried out by AC during the financial year ended 30 September 2018 ("FY2018") in discharging its functions and duties: -

(i) Financial Reporting Oversight

a) The AC reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company with the finance team and thereafter recommended to the Board for approval, for announcement to Bursa Malaysia Securities Berhad as follows:

Date of meetings	Financial Statements
16 November 2017	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 30 September 2017
20 December 2017	Draft audited financial statements for the financial year ended 30 September 2017
8 February 2018	Unaudited First Quarter Interim Financial Report for the quarter ended 31 December 2017
15 May 2018	Unaudited Second Quarter Interim Financial Report for the quarter ended 31 March 2018
16 August 2018	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 June 2018

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

(i) Financial Reporting Oversight (Cont'd)

The AC reviewed the annual audited financial statements with the external auditors and finance team, focusing particularly on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal requirements to ensure compliance with the provisions of the Companies Act 2016 and the ACE Market Listing Requirements.

(ii) Oversee Activities of External Auditors in dealing with the Group

a) The AC met 3 times with the external auditors on 16 November 2017, 20 December 2017 and 16 August 2018 respectively without the presence of the Executive Directors and management staff to discuss any issues of concern to the external auditors arising from the annual statutory audit.

b) On 16 November 2017, the AC reviewed the external auditors' audit findings report for financial year ended 30 September 2017.

The AC reviewed the external auditors' findings arising from audits, focusing on management's comments in response to the audits in order to be satisfied that appropriate actions are being taken.

During the meeting on 16 November 2017, the AC also reviewed and evaluated the performance and independence of the external auditors. The areas assessed were (a) calibre of external audit firm; (b) quality processes/performance; (c) audit team; (d) independence and objectivity; (e) audit scope and planning; (f) audit fees; (g) audit communications. The AC was satisfied with the performance and independence of the external auditors and recommended their re-appointment to the Board.

c) On 20 December 2017, the AC deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statements for financial year ended 30 September 2017.

d) On 16 August 2018, the AC discussed and reviewed the external auditors' audit planning report for the FY2018 outlining their audit team, audit timeline, recent development of the Group, key areas of audit focus, fraud risk, communication of other significant audit matters, other updates such as MFRS 107 (Statement of Cash Flows- Disclosure Initiative) and amendments to the Listing Requirements and proposed audit fees.

During the meeting on 16 August 2018, the AC also discussed and reviewed with external auditors the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

The AC also reviewed the audit fees of the external auditors for the ensuing year prior to presenting to the Board of Directors for approval.

(iii) Internal Audit ("IA")

a) The internal auditors presented its findings together with recommendation and management action plan to the AC for review on 16 November 2017 and 15 May 2018 respectively. The internal auditors have conducted review on internal control focusing on the following areas:-

Audit Areas	Reporting Date
(i) Management of information systems (ii) Fixed asset management	16 November 2017
(i) Inventory management	15 May 2018

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address the areas of weaknesses. The internal auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

(iii) Internal Audit ("IA") (Cont'd)

b) On 16 November 2017, the AC reviewed and approved the appointment of Messrs. BDO Governance Advisory Sdn Bhd as internal auditors of the Company for FY2018.

c) On 16 November 2017, the AC also reviewed and assessed the internal audit function. The AC concluded that the scope, functions, competency and resources of the internal audit function are adequate and that it has the necessary authority to carry out its work.

d) The AC reviewed the IA plan for year 2018 - 2019 as tabled by the internal auditors.

(iv) Related Party Transaction

a) Reviewed any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

(v) Other matters considered by Committee

a) On 16 November 2017, the AC reviewed the spare consignment unit policy and thereafter recommended to the Board for approval.

b) On 20 December 2017, the AC reviewed the AC Report for inclusion in the Annual Report.

c) On 15 May 2018, the AC reviewed the policy on capitalisation of research and development expenses and thereafter recommended to the Board for approval.

AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN

Aemulus Holdings Berhad Restricted Share Plan ("RSP") which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 December 2014 and shall be in force for a duration of five years from 15 February 2016 until 14 February 2021. However, the RSP may at the discretion of the RSP scheme committee be extended provided always that the initial RSP scheme period stipulated above and such extension made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years.

During the financial year, the Company has granted 940,000 ordinary shares under the RSP to the eligible employees and the RSP shares offered, once accepted will be vested to the eligible employees over a period of up to three (3) years, subject to the fulfillment of vesting conditions.

During the financial year, the Audit Committee verified the grant of the RSP Shares to the eligible employees during the financial year ended 30 September 2017 pursuant to the RSP. After the financial year ended 30 September 2018, the Audit Committee has also verified the grant of the said RSP Shares to the eligible employees during the financial year ended 30 September 2018 pursuant to the RSP. The grant was made in accordance with the criteria of grant as set out in the By-laws of RSP.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an independent professional services firm to carry out internal audit services for the Group. Internal audit reports will be presented, together with Management's response and proposed action plans to the Audit Committee for deliberation. Where areas of improvements were required, it was highlighted to the Management for implementation. The Audit Committee monitored the progress of the implementation.

The Internal Auditors undertake internal audit functions based on the audit plan approved by the Audit Committee. The internal audit plan is derived based on the risk-based approach which addresses all the core auditable areas of the Group based on their risk profile.

The total cost of the internal audit function incurred in respect of the financial year ended 30 September 2018 amounted to RM20,000.

INTERNAL AUDIT FUNCTION (Cont'd)

During the period under review, the Internal Auditors carried out the following activities:-

a) Performed audits according to the audit plan, reviewed the Management of Information Systems and Fixed Asset Management, Inventory Management and made recommendations to improve their effectiveness;
b) Presented an overview of Sustainability Reporting;
c) Presented and obtained approval from the Audit Committee the audit plan and scope of audit work; and
d) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2017 requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

Guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors of Aemulus Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control which is prepared in accordance with Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

The Board practises proactive risks identification in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and assesses the appropriate risk response strategies and controls. Day-to-day risk management of operations are delegated to key management staff and head of departments to manage identified risks within defined parameters.

Periodic meetings attended by key management staff and head of departments and are held to discuss key operational issues, business performance matters and appropriate mitigating controls, when necessary.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional accounting and consulting firm, BDO Governance Advisory Sdn Bhd as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place. The audit ascertains that the risks are effectively mitigated by the controls. The internal auditors report to the Audit Committee on areas for improvement. The highlighted areas will be followed up closely to determine the extent of their recommendations that have been implemented by the management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Consistent monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Close involvement in the daily operation by the senior management.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice guide ("RPG") 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this statement. Taking this assurance into consideration, the Board is of the view that there were no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the financial year ended 30 September 2018. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its risk management and internal control environment.

This statement is issued in accordance with a resolution of passed in Board of Directors' meeting held on 3 January 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

This statement is prepared pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- That reasonable and prudent judgements and estimates were made; and
- That the approved accounting standards in Malaysia have been applied.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 3 January 2019.

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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **30 September 2018.**

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst that of the subsidiary are in the design and development of automated test equipment, test and measurement instruments, and the provision of design consultancy and test-related services.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	**5,295,774**	**1,254,125**

DIVIDENDS

Since the end of the previous financial year, the Company has declared an interim single tier dividend of 0.2 sen per ordinary share amounting to RM1,097,799 in respect of the financial year ended 30 September 2018 on 22 November 2018 and paid on 27 December 2018.

The directors do not recommend any final dividend payment for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:

Ng Sang Beng
Yeoh Chee Keong
Wong Shee Kian
Ng Chin Wah
Chok Kwee Bee
Ong Chong Chee
Friiscor Ho Chii Ssu
Kan Ky-Vern (resigned on 19 June 2018)

DIRECTORS' REMUNERATION AND BENEFITS

Details of Directors remuneration are set out in Note 26 to the financial statements.

During and at the end of the financial year, there was no subsist arrangements to which the Company is a party, being arrangements with the objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.10.17	Effect of bonus issue	Bought/(Sold)	Balance at 30.9.18
The Company				
Direct interests:				
Ng Sang Beng	77,115,600	19,278,899	-	96,394,499
Yeoh Chee Keong	50,299,900	12,574,975	-	62,874,875
Wong Shee Kian	14,356,200	3,589,050	235,844	18,181,094
Ng Chin Wah	300,000	75,000	3,235	378,235
Chok Kwee Bee	1,000,000	250,000	-	1,250,000
Friiscor Ho Chii Ssu	5,519,800	1,379,950	-	6,899,750
Ong Chong Chee	1,100,000	280,000	20,000	1,400,000
Deemed interest:				
Ng Sang Beng [i]	39,288,700	9,822,174	(1,290,000)	47,820,874
Yeoh Chee Keong [ii]	460,000	115,000	-	575,000
Friiscor Ho Chii Ssu [ii]	60,000	15,000	-	75,000

[i] Deemed interest pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of shares held through Aemulus Venture Sdn. Bhd. and spouse.

[ii] Other interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by spouse.

By virtue of his interest in the Company, **Mr. Ng Sang Beng** is also deemed interested in the shares of the subsidiary, to the extent that the Company has interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

(i) 109,712,497 new ordinary shares ("Bonus Shares") on the basis of one (1) Bonus Share for every four (4) existing ordinary shares held via capitalisation of RM10,971,250 against the Company's share premium account; and

(ii) 337,000 new ordinary shares pursuant to the vesting and exercise of Restricted Share Plan at a price of RM0.5238 per share.

The new ordinary shares issued during the year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

RESTRICTED SHARE PLAN ("RSP")

The RSP which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 December 2014, was implemented on 13 July 2017. It forms part of the Company's listing scheme during its Initial Public Offering on 15 September 2015 and is governed by the By-Laws of the RSP. The RSP will be in force for a maximum period of ten years from 15 February 2016 until 14 February 2026.

The salient features of the RSP are disclosed in Note 33 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for Directors and officers of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, and

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons, and

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

(i) no contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due,

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT

The significant event during the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

Details of auditors' remuneration are set out in Note 25 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
Ng Sang Beng

....
Ng Chin Wah

Penang,

Date: 3 January 2019

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 53 to 105 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 September 2018** and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
Ng Sang Beng

....
Ng Chin Wah

Date: 3 January 2019

STATUTORY DECLARATION

I, **Ng Chin Wah**, the director primarily responsible for the financial management of **Aemulus Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 53 to 105 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 3rd)
day of January 2019)

....
Ng Chin Wah
(I/C No.: 790430-07-5483)
(MIA No.: 27028)

Before me,

....
Liew Juan Leng (P162)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEMULUS HOLDINGS BERHAD
Company No. 1114009-H (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Aemulus Holdings Berhad**, which comprise the statements of financial position as at **30 September 2018** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 53 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 September 2018**, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' C*ode of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment *(Note 5 to the financial statements)*	
As at 30 September 2018, the Group has goodwill amounting to RM13.66 million which has been allocated to its electronic tester segment as the cash-generating unit ("CGU"). The management is required to perform annual impairment assessment for its goodwill. We focus on this area as management's assessment of the value in use of the CGU involves estimation uncertainty and judgements about the future results of the business and key assumptions applied to future cash flow projection.	Our audit procedures in relation to the goodwill impairment assessment included: • Evaluating the model used in determining the value in use of the CGU as well as assessing the discount rate used. • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry. • Comparing actual performance of the CGU to assumptions applied in prior years model, to assess accuracy of management's estimates. • Performing sensitivity analysis on the key assumptions inputed to the model and understand the impact on the overall carrying value of goodwill with the alterations to the key assumptions. • Assessing the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITORS’ REPORT (Cont’d)

TO THE MEMBERS OF AEMULUS HOLDINGS BERHAD
Company No. 1114009-H (Incorporated in Malaysia)

Key Audit Matters (Cont’d)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables *(Note 9 to the financial statements)* The Group has significant trade receivables as at 30 September 2018 and it is subject to credit risk exposure. We focus on this area as the assessment of recoverability of receivables involved management judgements and estimation uncertainty in determining the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.	Our audit procedures in relation to the impairment of trade receivable included: • Obtaining an understanding of: - the Group’s control over the customers collection process and parameters used by management when extending credit terms to the new customers; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment. • Reviewing the aging analysis of trade receivables and testing the reliability thereof. • Reviewing subsequent collections for major customers and overdue amounts. • Comparing and challenging management’s view on the recoverability of overdue amounts to historical patterns of collections. • Making inquiries of management regarding the action plans to recover overdue balances. • Examining other evidence including customers’ correspondences and available financial credential data. • Evaluating the adequacy of the impairment estimated and provided in the financial statements.
Valuation of inventories *(Note 10 to the financial statements)* The Group holds significant inventories as at 30 September 2018 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying values. We focused on this area as it involves estimation uncertainty by the directors in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost or market value.	Our audit procedures in relation to the valuation of inventories included: • Obtaining an understanding of: - the Group’s inventory management process; - how the Group identifies and assesses inventory write-downs; and - how the Group makes the accounting estimates for inventory write-downs. • Reviewing the consistency of the application of management’s methodology in determining and estimating the provision from year to year. • Reviewing and testing the reliability of the ageing report of inventories provided by the management. • Reviewing and testing the net realisable value of inventories on sampling basis. • Evaluating the reasonableness and adequacy of the inventories write-downs recognised for identified exposures.

There are no key audit matters to be communicated in the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton
No. AF: 0042
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2019 J
Chartered Accountant

Penang

Date: 3 January 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**6,504,183**	6,366,668	**-**	-
Intangible assets	5	**13,686,335**	13,686,335	**-**	-
Development costs	6	**1,007,817**	-	**-**	-
Investment in a subsidiary	7	**-**	-	**35,416,966**	35,186,998
Other investments	8	**356,424**	-	**-**	-
Trade receivables	9	**1,253,506**	414,875	**-**	-
		22,808,265	20,467,878	**35,416,966**	35,186,998
Current assets					
Inventories	10	**20,341,077**	17,597,350	**-**	-
Trade receivables	9	**13,135,643**	14,487,808	**-**	-
Other receivables, deposits and prepayments	11	**6,730,309**	6,013,121	**10,982**	9,374
Amount due from a subsidiary	12	**-**	-	**9,622,727**	10,592,728
Derivative financial assets	13	**-**	5,383	**-**	-
Current tax assets		**335,050**	46,563	**20,863**	42,892
Other investments	8	**16,531,325**	17,931,796	**14,309,493**	12,314,500
Fixed deposits with licensed banks	14	**550,769**	41,400	**-**	-
Cash and bank balances	15	**6,528,372**	6,373,173	**195,072**	49,694
		64,152,545	62,496,594	**24,159,137**	23,009,188
TOTAL ASSETS		**86,960,810**	82,964,472	**59,576,103**	58,196,186
EQUITY AND LIABILITIES					
Share capital	16	**59,186,590**	59,095,093	**59,186,590**	59,095,093
Reserves	17	**(12,864,563)**	(12,890,855)	**134,447**	81,000
Retained profits/(Accumulated losses)		**32,181,231**	26,885,457	**42,293**	(1,211,832)
Total equity		**78,503,258**	73,089,695	**59,363,330**	57,964,261
Non-current liability					
Term loan	18	**1,831,503**	2,247,513	**-**	-
Current liabilities					
Trade payables	19	**1,998,075**	4,135,667	**-**	-
Other payables and accruals	20	**3,748,466**	2,550,185	**212,773**	231,925
Derivative financial liabilities	13	**101,134**	-	**-**	-
Provision for warranty	21	**248,766**	298,205	**-**	-
Term loan	18	**529,608**	643,207	**-**	-
		6,626,049	7,627,264	**212,773**	231,925
Total liabilities		**8,457,552**	9,874,777	**212,773**	231,925
TOTAL EQUITY AND LIABILITIES		**86,960,810**	82,964,472	**59,576,103**	58,196,186

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	22	**36,957,998**	40,067,581	**1,500,000**	-
Cost of sales		**(13,627,866)**	(14,944,519)	**-**	-
Gross profit		**23,330,132**	25,123,062	**1,500,000**	-
Other income		**934,118**	1,038,156	**394,992**	457,567
Administrative expenses		**(13,497,614)**	(13,456,365)	**(640,867)**	(532,587)
Research and development expenses	23	**(5,207,000)**	(5,118,768)	**-**	-
Other expenses		**(92,344)**	-	**-**	-
Profit/(Loss) from operations		**5,467,292**	7,586,085	**1,254,125**	(75,020)
Finance costs	24	**(130,644)**	(34,492)	**-**	-
Profit/(Loss) before tax	25	**5,336,648**	7,551,593	**1,254,125**	(75,020)
Income tax (expense)/income	27	**(40,874)**	318	**-**	22,842
Profit/(Loss) for the financial year		**5,295,774**	7,551,911	**1,254,125**	(52,178)
Other comprehensive loss, net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		**(27,155)**	(9,675)	**-**	-
Total comprehensive income/(loss) for the financial year		**5,268,619**	7,542,236	**1,254,125**	(52,178)
Earnings per share attributable to the owners of the Company (sen)					
- Basic/Diluted	28	**0.97**	1.38		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

		|-------- Non-distributable			--------|	Distributable	
						Exchange		
		Share	Share	Merger	RSP	Translation	Retained	Total
		Capital	Premium	Deficit	Reserve	Reserve	Profits	Equity
	Note	RM	RM	RM	RM	RM	RM	RM
2018								
Balance at beginning		**59,095,093**	**-**	**(12,954,053)**	**81,000**	**(17,802)**	**26,885,457**	**73,089,695**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**(27,155)**	**5,295,774**	**5,268,619**
Transactions with owner:								
Issue of shares persuant RSP vested	**16**	**176,521**	**-**	**-**	**(176,521)**	**-**	**-**	**-**
Share issuance expenses	**16**	**(85,024)**	**-**	**-**	**-**	**-**	**-**	**(85,024)**
Recognition of equity-settled share-based payment		**-**	**-**	**-**	**229,968**	**-**	**-**	**229,968**
Balance at end		**59,186,590**	**-**	**(12,954,053)**	**134,447**	**(44,957)**	**32,181,231**	**78,503,258**
2017								
Balance at beginning		43,885,000	15,210,093	(12,954,053)	-	(8,127)	19,333,546	65,466,459
Total comprehensive income for the financial year		-	-	-	-	(9,675)	7,551,911	7,542,236
Transactions with owner:								
Recognition of equity-settled share-based payment		-	-	-	81,000	-	-	81,000
Transition to no-par value regime on 31 January 2017	16	15,210,093	(15,210,093)	-	-	-	-	-
Balance at end		59,095,093	-	(12,954,053)	81,000	(17,802)	26,885,457	73,089,695

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	Share Capital RM	|--- Non-distributable --- Share Premium RM	RSP Reserve RM ---|	Retained profits/ Accumulated Losses RM	Total Equity RM
2018						
Balance at beginning		**59,095,093**	**-**	**81,000**	**(1,211,832)**	**57,964,261**
Total comprehensive loss for the financial year		**-**	**-**	**-**	**1,254,125**	**1,254,125**
Transactions with owner:						
Issue of shares persuant RSP vested	**16**	**176,521**	**-**	**(176,521)**	**-**	**-**
Share issuance expenses	**16**	**(85,024)**	**-**	**-**	**-**	**(85,024)**
Recognition of equity-settled share-based payment		**-**	**-**	**229,968**	**-**	**229,968**
Balance at end		**59,186,590**	**-**	**134,447**	**42,293**	**59,363,330**
2017						
Balance at beginning		43,885,000	15,210,093	-	(1,159,654)	57,935,439
Total comprehensive loss for the financial year		-	-	-	(52,178)	(52,178)
Transactions with owner:						
Recognition of equity-settled share-based payment		-	-	81,000	-	81,000
Transition to no-par value regime on 31 January 2017	16	15,210,093	(15,210,093)	-	-	-
Balance at end		59,095,093	-	81,000	(1,211,832)	57,964,261

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**5,336,648**	7,551,593	**1,254,125**	(75,020)
Adjustments for:					
Depreciation		**1,155,850**	967,782	**-**	-
Dividend income		**(535,324)**	(589,813)	**(1,894,992)**	(457,567)
Equity-settled share-based payment		**229,968**	81,000	**-**	-
Fair value loss/(gain) on derivative financial instruments		**106,517**	(5,383)	**-**	-
Gain on disposal of property, plant and equipment		**-**	(15,030)	**-**	-
Impairment loss on trade receivables		**93,344**	-	**-**	-
Interest expense		**130,644**	34,492	**-**	-
Interest income		**(52,228)**	(32,858)	**-**	-
(Reversal of)/Inventories written down		**(3,345)**	17,334	**-**	-
(Reversal of)/Provision for warranty		**(49,439)**	110,975	**-**	-
Unrealised (gain)/loss on foreignexchange		**(170,130)**	25,008	**-**	-
Operating profit/(loss) before working capital changes		**6,242,505**	8,145,100	**(640,867)**	(532,587)
Increase in inventories		**(2,740,382)**	(6,656,376)	**-**	-
Increase in receivables		**(181,690)**	(8,903,337)	**(1,608)**	(8,374)
(Decrease)/Increase in payables		**(940,845)**	3,685,597	**(19,152)**	32,571
Cash generated from/(used in) operations		**2,379,588**	(3,729,016)	**(661,627)**	(508,390)
Income tax paid		**(366,545)**	(86,597)	**(15,155)**	(42,496)
Income tax refunded		**37,184**	27,534	**37,184**	16,592
Interest paid		**(130,644)**	(34,492)	**-**	-
Net cash from/(used in) operating activities		**1,919,583**	(3,822,571)	**(639,598)**	(534,294)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of development costs		**(1,007,817)**	-	**-**	-
Addition of other investment		**(356,424)**	-	**-**	-
Dividend received		**535,324**	589,813	**394,992**	457,567
Interest received		**52,228**	32,858	**-**	-
(Placement)/Withdrawal of fixed deposits		**(509,369)**	1,429,140	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	49,110	**-**	-
Purchase of property, plant and equipment		**(1,296,128)**	(2,304,106)	**-**	-
Net cash (used in)/from investing activities		**(2,582,186)**	(203,185)	**394,992**	457,567
Balance carried forward		**(662,603)**	(4,025,756)	**(244,606)**	(76,727)

The accompanying notes form an integral part of these financial statements.

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Balance brought forward		**(662,603)**	(4,025,756)	**(244,606)**	(76,727)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment from/(Advance to) a subsidiary		**-**	-	**2,470,001**	(2,571,862)
Proceeds from government grant		**-**	131,384	**-**	-
Proceeds from term loan		**-**	2,978,988	**-**	-
Repayment of term loan	A	**(529,609)**	(88,268)	**-**	-
Share issuance expenses		**(85,024)**	-	**(85,024)**	-
Net cash (used in)/from financing activities		**(614,633)**	3,022,104	**2,384,977**	(2,571,862)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,277,236)**	(1,003,652)	**2,140,371**	(2,648,589)
Effects of changes in exchange rates on cash and cash equivalents		**31,964**	22,147	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING		**24,304,969**	25,286,474	**12,364,194**	15,012,783
CASH AND CASH EQUIVALENTS AT END		**23,059,697**	24,304,969	**14,504,565**	12,364,194
Represented by:					
Other investments		**16,531,325**	17,931,796	**14,309,493**	12,314,500
Fixed deposits with licensed banks		**550,769**	41,400	**-**	-
Cash and bank balances		**6,528,372**	6,373,173	**195,072**	49,694
		23,610,466	24,346,369	**14,504,565**	12,364,194
Less: Fixed deposits pledged to licensed banks		**(550,769)**	(41,400)	**-**	-
		23,059,697	24,304,969	**14,504,565**	12,364,194

A. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

Group

	At 1.10.17	Cash Flows	At 30.9.18
Term loan, representing total liabilities from financing activities	2,890,720	(529,609)	2,361,111

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at One Precinct, 1C-06-02, Lengkok Mayang Pasir, 11950 Bayan Baru, Penang.

The principal activity of the Company is investment holding whilst that of the subsidiary are in the design and development of automated test equipment, test and measurement instruments and the provision of design consultancy services and test-related services. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 January 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2. BASIS OF PREPARATION (Cont'd)

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.4 Adoption of New and Amendments/Improvements to MFRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year.

On 1 October 2017, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2017.

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014-2016 Cycle)
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Initial application of the above amendments/inputs to the standards did not have material impacts to the financial statements, except for:

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The Group and the Company have applied these amendments for the first time in the current year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The information are provided in Statements of Cash Flows. Consistent with the transition provisions of the amendments, the Group and the Company have not disclosed comparative information for the prior period.

2.5 Standards Issued But Not Yet Effective

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

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts)
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
IC Interpretation ("IC Int") 22 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases
Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Int 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

2. BASIS OF PREPARATION (Cont'd)

2.5 Standards Issued But Not Yet Effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The existing *MFRS 4* and *Amendments to MFRS 4* will be withdrawn upon the adoption of the new *MFRS 17* which will take effect on or after 1 January 2021.

The initial application of the above standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group adopts MFRS 9. Overall, the Group expects no significant impact on its statements of financial position and equity except as discussed below.

(i) Classification and measurement of financial assets

The Group's investment in unit trusts does not qualify as equity instruments and does not meet the contractual cash flow characteristics of a debt instrument under MFRS 9. As such, the investment in unit trust will be measure at fair value through profit or loss upon adoption of MFRS 9.

The equity shares in non-listed company are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Group will apply the option to present fair value changes in other comprehensive income, and, therefore, believes the application of MFRS 9 would not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest.

The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

MFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

2. BASIS OF PREPARATION (Cont'd)

2.5 Standards Issued But Not Yet Effective (Cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

i. Sale of goods

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

ii. Warranty obligations

The Group generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under MFRS 15, which will continue to be accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

iii. Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. In addition, as requires by MFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

2. BASIS OF PREPARATION (Cont'd)

2.5 Standards Issued But Not Yet Effective (Cont'd)

MFRS 16 Leases (Cont'd)

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group plans to assess the potential effect of MFRS 16 on its consolidated financial statements in 2019.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

Management judgements in applying the accounting policies of the Group that has the most significant effect on the financial statements are discussed below:

Development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of intangible assets

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 5 to the financial statements.

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.2 Key sources of estimation uncertainty (Cont'd)

(ii) Inventories

The Group reviews for slow-moving and obsolete inventories. This review requires management to estimate the potentially excess and obsolete inventories after considering forecasted demand for the products as well as technical obsolescence. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the end of reporting period is disclosed in Note 10 to the financial statements.

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amount of the Group's trade receivables at the end of reporting period is disclosed in Note 9 to the financial statements.

(iv) Provision for warranty

The Group provides warranty for manufacturing defects of its products sold. The Group's normal product warranty period is one year. The provision for product warranty is calculated at approximately 2.5% of the cost of products sold.

As the Group's products are constantly upgraded for technology developments, the level of manufacturing defects for the upgraded and/or new products may not necessary reflect past trends and in such circumstances, the original basis used to calculate the amounts for product warranty claim may need to be revised when it is appropriate.

(v) Restricted share plan

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 33 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Combination through merger

The acquisition of Aemulus Corporation Sdn. Bhd. is accounted for using the merger accounting principle. Accordingly, the results of the subsidiary are presented as if the merger had been effected throughout the years under review. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of merger. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of the assets to their residual value over their estimated useful lives, at the following annual rates:

Freehold commercial lot	2%
Office and testing equipment	10% - 20%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	10%

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

3.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Leases (Cont'd)

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3.4 Intangible Assets

3.4.1 Research and development costs

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Company can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products. The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

3.4.2 Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Intangible Assets (Cont'd)

3.4.2 Goodwill (Cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.4.3 Trademarks and Patents

Trademarks and patents are intangible assets with indefinite useful life and are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.5 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Impairment of Non-Financial Assets (Cont'd)

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.6 Financial Instruments

3.6.1 Initial recognition and measurement

Financial assets or financial liabilities are recognised when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3.6.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.2 Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.6.3 Derivative financial instruments

The Group enters into derivative financial instruments such as forward foreign currency contracts to manage its exposure to foreign currency risks.

Derivative is initially recognised at fair value at the date the derivative contract is entered and is subsequently remeasured to its fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.6.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6.5 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7 Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Impairment of Financial Assets (Cont'd)

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials is determined on the weighted average basis.

Cost of finished goods includes direct materials and direct labour.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.11 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

Sale of goods

(a) Outright sale

Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer.

(b) Finance lease arrangement

Revenue is recognised at the commencement of the lease term based on the lower of the fair value of the asset and the present value of the minimum lease payments, computed at a market rate of interest. The finance income associated with the finance lease is recognised over the lease term.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period with the remaining unearned portion being recognised as deferred income. Stage of completion is measured by reference to services performed to date as a percentage of total services to be performed.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Revenue Recognition (Cont'd)

Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.13 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. The subsidiary's foreign branch also make contributions to their country's statutory pension schemes. The Group has no legal or constructive obligation to pay contributions in addition to its fixed contributions which are recognised as an expense in the period that relevant employee services are received.

Restricted Share Plan ("RSP")

Employees of the Group receive remuneration in the form of shares of the Company as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted by the Company. This cost is recognised in profit or loss, with a corresponding increase in the equity as RSP reserve over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3.14 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Income Tax (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% in Malaysia and 5% in Taiwan. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Finance Ministry has zero rated the GST effective from 1 June 2018. The government has replaced the GST with Sales and Service Tax which came into effect on 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

3.16 Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The incorporation of the financial statements of the subsidiary's foreign branch are translated into RM at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.18 Share Capital, Share Issuance Expenses and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

3.19 Contigencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.20 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold commercial lot RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
Group						
2018						
At cost						
Balance at beginning	210,000	8,134,398	367,940	674,222	426,275	9,812,835
Additions	-	1,238,252	5,351	52,525	-	1,296,128
Foreign currency translation	-	(827)	-	(2,044)	-	(2,871)
Balance at end	210,000	9,371,823	373,291	724,703	426,275	11,106,092
Accumulated depreciation						
Balance at beginning	34,300	3,076,265	156,179	165,214	14,209	3,446,167
Current charge	4,200	1,001,590	36,499	70,934	42,627	1,155,850
Foreign currency translation	-	(18)	-	(90)	-	(108)
Balance at end	38,500	4,077,837	192,678	236,058	56,836	4,601,909
Carrying amount	171,500	5,293,986	180,613	488,645	369,439	6,504,183

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold commercial lot RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
Group						
2017						
At cost						
Balance at beginning	210,000	6,344,703	367,940	587,205	148,375	7,658,223
Additions	-	1,790,844	-	86,987	426,275	2,304,106
Disposals	-	-	-	-	(148,375)	(148,375)
Foreign currency translation	-	(1,149)	-	30	-	(1,119)
Balance at end	210,000	8,134,398	367,940	674,222	426,275	9,812,835
Accumulated depreciation						
Balance at beginning	30,100	2,234,548	119,468	99,325	109,452	2,592,893
Current charge	4,200	841,780	36,711	66,039	19,052	967,782
Disposals	-	-	-	-	(114,295)	(114,295)
Foreign currency translation	-	(63)	-	(150)	-	(213)
Balance at end	34,300	3,076,265	156,179	165,214	14,209	3,446,167
Carrying amount	175,700	5,058,133	211,761	509,008	412,066	6,366,668

5. INTANGIBLE ASSETS

	Group 2018 RM	Group 2017 RM
At cost:		
Goodwill	**13,663,357**	13,663,357
Trademark, patent and industry design	**22,978**	22,978
	13,686,335	13,686,335

The goodwill arising from the business acquisition and other intangible assets have been allocated to the Group's electronic tester segment as the cash-generating unit ("CGU").

5. INTANGIBLE ASSETS (Cont'd)

For annual impairment testing purposes, the recoverable amount of the CGU are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on approved financial budget and projections covering a five (5)-year period.

Key assumptions used in value-in-use calculations

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The 5-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the 5-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors. Thereafter, a **10%** (2017: 10%) annual growth rate is applied to the remaining years of the cash flow projections. A terminal value is assigned at the end of the 5-year cash flow projections based on an assumed growth rate of **1%** (2017: 1%) in perpetuity.

(ii) Discount rate

A pre-tax discount rate of **10.10%** (2017: 10.10%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital, which takes into consideration both the cost of debt and cost of equity.

Sensitivity to changes in key assumptions

With regards to the assessments of value-in-use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

6. DEVELOPMENT COSTS

	Group	
	2018	**2017**
	RM	**RM**
At cost:		
Additions	**1,007,817**	-

Development costs are in relation to the development of new automated test equipment and Moridaru, a platform that encompasses a software framework with Artificial Intelligence capability.

The development cost comprises entirely of employee benefit expense expense incurred to develop the stated platform above.

7. INVESTMENT IN A SUBSIDIARY

	Company	
	2018	2017
	RM	RM
Unquoted shares, at cost	**35,105,998**	35,105,998
RSP shares granted to employees of a subsidiary	**310,968**	81,000
	35,416,966	35,186,998

The details of the Malaysian subsidiary are as follows:

Name of Subsidiary	Effective Equity Interest		Principal Activities
	2018	2017	
Aemulus Corporation Sdn. Bhd. ("ACSB")	**100%**	100%	Design and development of automated test equipment, test and measurement instruments, and the provision of design consultancy and test-related services.

ACSB's branch office in Taiwan is principally involved in the marketing and sale of automated test equipment and test and measurement instruments.

The consolidated financial statements have been prepared using the merger accounting method to account for the acquisition of ACSB. Merger deficit is determined as the difference between the cost of merger and nominal value of the share capital in the subsidiary acquired and is recognised in the statements of financial position.

8. OTHER INVESTMENTS

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Available-for-sale financial assets					
Non-current asset					
Unquoted shares in Malaysia, at cost	**8.1**	**356,424**	-	**-**	-
Current asset					
Unit trusts, at fair value	**8.2**	**16,531,325**	17,931,796	**14,309,493**	12,314,500

8.1 On 20 July 2018, the Group's subsidiary acquired 149,758 ordinary shares representing 13% equity interest in Strait Fabrication Partner Sdn. Bhd. for a total cash consideration of RM356,424. The principal activities of Strait Fabrication Partner Sdn. Bhd. are to engaged in mechanical manufacturing services, original equipment manufacturing and precision engineering services.

8.2 The unit trusts are funds that invest in a mixture of money market instruments and fixed deposits with different maturity profile. The unit trusts can be redeemed at any point in time upon request.

9. TRADE RECEIVABLES

		Group	
		2018	2017
	Note	RM	RM
Finance lease arrangement	9.2	**2,513,391**	1,462,665
Outright sale	9.3	**11,969,102**	13,440,018
Less: Impairment loss on trade receivables		**(93,344)**	-
		11,875,758	13,440,018
		14,389,149	14,902,683

9.1 The trade receivables can be analysed as:

	2018	2017
	RM	RM
Total amount receivable	**14,559,972**	14,988,485
Unearned interest income	**(170,823)**	(85,802)
	14,389,149	14,902,683
Less: Receivables within 1 year under current assets	**(13,135,643)**	(14,487,808)
Receivables more than 1 year	**1,253,506**	414,875

9.2 The repayment schedule of the present value of receivables under finance lease arrangement is as follows:

	2018	2017
	RM	RM
Within 1 year	**1,259,885**	1,047,790
Later than 1 year and not later than 5 years	**1,253,506**	414,875
	2,513,391	1,462,665

9.3 The outright sale customers are non-interest bearing and are generally on **30 to 90 days** (2017: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9.4 The currency profile of trade receivables is as follows:

	2018	2017
	RM	RM
Ringgit Malaysia	**390,563**	3,892,189
United States Dollar	**13,998,586**	11,010,494
	14,389,149	14,902,683

10. INVENTORIES

	Group	
	2018	**2017**
	RM	**RM**
Raw materials	**11,257,392**	9,795,223
Finished goods	**9,083,685**	7,802,127
	20,341,077	17,597,350
Recognised in profit or loss:		
(Reversal of)/Inventories written down	**(3,345)**	17,334
Inventories recognised as cost of sales	**13,631,211**	14,927,185

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Sundry receivables	**2,290**	9,431	**-**	9,374
Deposits - Refundable	**3,205,671**	3,200,116	**1,000**	-
- Non-refundable	**1,986,025**	1,986,025	**-**	-
Prepayments	**1,401,678**	699,541	**9,982**	-
GST claimable	**134,645**	118,008	**-**	-
	6,730,309	6,013,121	**10,982**	9,374

Included in the Group's deposits is an amount of **RM4,965,033** (2017: RM4,965,033) being paid to Penang Development Corporation ("PDC") as down payment for the purchase of a leasehold land, of which RM1,986,025 is non-refundable. As at the end of the reporting period, the title deed has yet to be transferred by PDC, therefore, it is being presented as part of deposits.

The currency profile of other receivables, deposits and prepayments is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**6,710,321**	5,992,647	**10,982**	9,374
New Taiwan Dollar	**19,988**	20,474	**-**	-
	6,730,309	6,013,121	**10,982**	9,374

12. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivatives held for trading at fair value through profit or loss is as follows:

	Group	
	2018	**2017**
	RM	**RM**
Forward foreign exchange contracts:		
- Nominal value	**5,863,617**	1,706,594
- (Liabilities)/Assets	**(101,134)**	5,383

Forward foreign exchange contracts are used to manage the foreign currency exposure arising from a subsidiary's trade receivables denominated in United States Dollar. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to licensed banks as security for banking facilities granted to the Group.

The effective interest rates of fixed deposits at the end of the reporting period is **3.00% to 3.25%** (2017: 3.00%) per annum.

15. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**1,263,570**	2,295,119	**195,072**	49,694
United States Dollar	**5,166,324**	4,012,165	**-**	-
Singapore Dollar	**12,301**	26,687	**-**	-
New Taiwan Dollar	**86,177**	39,202	**-**	-
	6,528,372	6,373,173	**195,072**	49,694

16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018	2017	2018	2017
			RM	RM
Issued and fully paid:				
Balance at beginning	**438,850,000**	438,850,000	**59,095,093**	43,885,000
Bonus issues	**109,712,497**	-	**-**	-
Share issuance expenses	**-**	-	**(85,024)**	-
Exercise of RSP	**337,000**	-	**176,521**	-
Transition to no-par value regime on 31 January 2017	**-**	-	**-**	15,210,093
Balance at end	**548,899,497**	438,850,000	**59,186,590**	59,095,093

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account **RM4,238,843** (2017: RM15,210,093) for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

On 29 March 2018, the Company obtained shareholders' approval at its Extraordinary General Meeting for a bonus issue of 109,712,497 new ordinary shares in the Company on the basis of one (1) bonus share for every four (4) existing Company shares via the utilisation of the Company's available share premium as allowed under Section 618(4) of the Act. The utilisation of the share premium is RM10,971,250 based on the par value of RM0.10 per share (being the reference to the par value of the Company before the abolishment of the par value of the share capital under the Act). The bonus issue was completed on 23 April 2018.

The new ordinary shares issued during the year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

17. RESERVES

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Non-distributable:					
Merger deficit	17.1	**(12,954,053)**	(12,954,053)	**-**	-
RSP reserve	17.2	**134,447**	81,000	**134,447**	81,000
Exchange translation reserve	17.3	**(44,957)**	(17,802)	**-**	-
		(12,864,563)	(12,890,855)	**134,447**	81,000

17.1 Merger deficit

The merger deficit is in respect of the difference between the cost of merger and the nominal value of shares acquired in ACSB.

17. RESERVES (Cont'd)

17.2 RSP reserve

RSP reserve represents the equity-settled shares granted by the Company to ACSB's employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced once vested or forfeited. The details of RSP are further disclosed in Note 33 to the financial statements.

17.3 Exchange translation reserve

The exchange translation reserve is in respect of foreign exchange differences on translation of the financial statements of the subsidiary's foreign branch.

18. TERM LOAN

	Group	
	2018	**2017**
	RM	**RM**
Secured:		
Non-current liabilities	**1,831,503**	2,247,513
Current liabilities	**529,608**	643,207

The term loan is secured by way of:

(i) legal charge over the leasehold land (Note 11); and
(ii) corporate guarantee of the Company.

A summary of the effective interest rate and the maturities of the term loan is as follows:

	Average effective interest rate per annum (%)	**Total RM**	**Within 1 year RM**	**More than 1 year and less than 2 years RM**	**More than 2 years and less than 5 years RM**
2018					
Term loan	**4.61**	**2,361,111**	**529,608**	**529,608**	**1,301,895**
2017					
Term loan	4.38	2,890,720	643,207	615,593	1,631,920

19. TRADE PAYABLES

The currency profile of trade payables is as follows:

	Group	
	2018	**2017**
	RM	**RM**
Ringgit Malaysia	**903,536**	1,603,383
United States Dollar	**1,094,539**	2,481,083
Singapore Dollar	**-**	51,201
	1,998,075	4,135,667

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2017: 30 to 90 days) credit terms.

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Sundry payables	**233,074**	351,623	**77,993**	158,581
Accruals	**3,231,552**	2,080,460	**134,780**	73,344
Deferred income	**283,840**	118,102	**-**	-
	3,748,466	2,550,185	**212,773**	231,925

The currency profile of other payables and accruals is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**3,694,723**	2,498,912	**212,773**	231,925
New Taiwan Dollar	**53,743**	51,273	**-**	-
	3,748,466	2,550,185	**212,773**	231,925

21. PROVISION FOR WARRANTY

	Group	
	2018	2017
	RM	RM
Balance at beginning	**298,205**	187,230
Additions	**275,434**	324,873
Reversal	**(324,873)**	(213,898)
Balance at end	**248,766**	298,205

The provision for warranty is in respect of warranty granted on products sold. The provision is calculated based on approximately 2.5% of the cost of products sold.

22. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Sale of goods				
- Outright sale	**29,980,384**	36,364,541	**-**	-
- Finance lease arrangement	**1,724,645**	1,318,818	**-**	-
Services rendered	**5,252,969**	2,384,222	**-**	-
Dividend income from a subsidiary	**-**	-	**1,500,000**	-
	36,957,998	40,067,581	**1,500,000**	-

23. RESEARCH AND DEVELOPMENT EXPENSES

Included in the research and development expenses of the Group is employee benefits expenses amounting to **RM4,985,459** (2017: RM4,640,549) as disclosed in Note 26 to the financial statements.

24. FINANCE COSTS

	Group	
	2018	2017
	RM	RM
Interest expenses on:		
- Bank overdraft	**-**	255
- Bankers acceptance	**-**	7,748
- Term loan	**130,644**	26,489
	130,644	34,492

25. PROFIT/(LOSS) BEFORE TAX

This is arrived at:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
After charging:				
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	**49,000**	49,000	**16,000**	16,000
- over provision in prior year	**(3,200)**	-	**-**	-
- other services	**13,000**	20,000	**13,000**	15,000
- Other auditors:				
- other services	**20,000**	40,000	**20,000**	40,000
Depreciation	**1,155,850**	967,782	**-**	-
Fair value loss on derivative financial instruments	**106,517**	-	**-**	-
Impairment loss on trade receivables	**93,344**	-	**-**	-
Provision for warranty				
- Current year	**275,434**	324,873	**-**	-
- Reversal of prior year	**(324,873)**	(213,898)	**-**	-
Rental of equipment	**1,853**	9,157	**-**	-
Rental of office equipment	**4,500**	3,600	**-**	-
Rental of premises	**882,182**	783,645	**-**	-
(Reversal of)/Inventories written down	**(3,345)**	17,334	**-**	-
Unrealised loss on foreign exchange	**-**	25,008	**-**	-
And crediting:				
Dividend income	**535,324**	589,813	**394,992**	457,567
Fair value gain on derivative financial instruments	**-**	5,383	**-**	-
Gain on disposal of property, plant and equipment	**-**	15,030	**-**	-
Interest income	**52,228**	32,858	**-**	-
Realised gain on foreign exchange	**23,268**	278,980	**-**	-
Rental income	**25,080**	23,940	**-**	-
Unrealised gain on foreign exchange	**170,130**	-	**-**	-

26. EMPLOYEE BENEFITS EXPENSES

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
- Salaries, allowance and bonus	**11,310,779**	10,336,398	**28,000**	33,000
- Fees	**239,167**	160,000	**239,167**	160,000
- Defined contribution plan	**1,383,959**	1,064,279	**-**	-
- SOCSO	**154,515**	136,697	**-**	-
- Equity-settled share-based payment	**229,968**	81,000	**-**	-
	13,318,388	11,778,374	**267,167**	193,000
Less: Charge to research and development expenses	**(4,985,459)**	(4,640,549)	**-**	-
Capitalised in development cost	**(1,007,817)**	-	**-**	-
	7,325,112	7,137,825	**267,167**	193,000

Included in the employee benefits expenses are directors' remuneration as follows:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Executive:				
- Salaries, allowance and bonus	**1,022,275**	870,757	**-**	-
- Defined contribution plan	**123,126**	105,221	**-**	-
- SOCSO	**3,463**	3,397	**-**	-
	1,148,864	979,375	**-**	-
- Benefits-in-kind *	**15,000**	3,750	**-**	-
	1,163,864	983,125	**-**	-
Non-executive:				
- Salaries, allowance and bonus	**28,000**	33,000	**28,000**	33,000
- Fees	**239,167**	160,000	**239,167**	160,000
	267,167	193,000	**267,167**	193,000
	1,431,031	1,176,125	**267,167**	193,000

* Benefits-in-kind (based on estimated monetary value) for the Chief Executive Officer of the Company.

27. INCOME TAX (EXPENSE)/INCOME

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current tax:				
Based on results for the financial year				
- Malaysian income tax	**(23,814)**	(14,806)	**-**	-
- Foreign tax	**(14,961)**	(13,453)	**-**	-
	(38,775)	(28,259)	**-**	-
(Under)/Over provision of current tax in prior year	**(2,099)**	28,577	**-**	22,842
	(40,874)	318	**-**	22,842

27. INCOME TAX (EXPENSE)/INCOME (Cont'd)

The reconciliation of tax (expense)/income of the Group and of the Company is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	**5,336,648**	7,551,593	**1,254,125**	(75,020)
Income tax at Malaysian statutory tax rate of 24%	**(1,280,796)**	(1,812,382)	**(300,990)**	18,005
Different tax rate in other jurisdiction*	**7,703**	4,751	**-**	-
Expenses not deductible for tax purposes	**(300,300)**	(291,558)	**(153,808)**	(127,821)
Income not subject to tax	**128,478**	141,905	**454,798**	109,816
Pioneer income not subject to tax	**1,392,220**	1,785,745	**-**	-
Movement of deferred tax assets not recognised	**13,920**	143,280	**-**	-
	(38,775)	(28,259)	**-**	-
(Under)/Over provision in prior year	**(2,099)**	28,577	**-**	22,842
	(40,874)	318	**-**	22,842

* The subsidiary's Taiwan branch is subject to corporate tax rate of 17%.

The movement of deferred tax assets not recognised are in respect of the following:

	Group	
	2018	**2017**
	RM	**RM**
Property, plant and equipment	**1,657,000**	1,574,000
Others	**(2,036,000)**	(2,011,000)
	(379,000)	(437,000)

The subsidiary of the Group had obtained the Multimedia Super Corridor status with pioneer status tax incentive. Under this tax incentive, 100% of the statutory income derived from the design and assembly of automated test equipment and test and measurement instruments and the provision of related design consultancy services, will be exempted from income tax up to 7 September 2018.

28. EARNINGS PER SHARE

Group

28.1 Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2018	(Restated) 2017
Profit attributable to owners of the Company (RM)	**5,295,774**	7,551,911
Weighted average number of ordinary shares	**548,636,360**	548,562,497*
Basic earnings per share (sen)	**0.97**	1.38*

28.2 Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from shares granted to employees as follows:

	2018	(Restated) 2017
Profit attributable to owners of the Company (RM)	**5,295,774**	7,551,911
Weighted average number of ordinary shares	**548,630,360**	548,562,497*
Adjustment for dilutive effect of RSP	**396,223**	633,352
	549,026,593	549,195,849
Diluted earnings per share (sen)	**0.97**	1.38*

* As the bonus issue during the financial year ended 30 September 2018 was without any consideration, it is treated as if it had occurred before the beginning of the financial year ended 2017, the earliest period presented. Accordingly, the weighted average number of ordinary shares have been restated.

29. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Group has related party relationship with its subsidiary and key management personnel as disclosed in Note 29 (b) and (c).

(b) Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Gross dividends from subsidiary	**-**	-	**1,500,000**	-

29. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation to key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

The remuneration of the directors and other members of key management during the financial year is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	**3,196,286**	2,496,754	**267,167**	193,000
Defined contribution plan	**298,873**	246,610	**-**	-
Equity-settled share-based payment	**18,492**	28,140	**-**	-
	3,513,651	2,771,504	**267,167**	193,000
Analysed as:				
- Directors	**1,431,031**	1,176,125	**267,167**	193,000
- Other key management personnel	**2,082,620**	1,595,379	**-**	-
	3,513,651	2,771,504	**267,167**	193,000

Other key management personnel have been granted with the following number of shares:

	Group and Company	
	2018	**2017**
	RM	**RM**
RSP I		
At 1 October	**107,200**	-
Granted	**-**	107,200
Exercised	**(53,600)**	-
At 30 September	**53,600**	107,200
RSP II		
At 1 October	**-**	-
Granted	**167,100**	-
Exercised	**-**	-
At 30 September	**167,100**	-

The RSP were granted on the same terms and conditions as those offered to other employees of the Group, as disclosed in Note 33 to the financial statements.

30. CAPITAL COMMITMENTS

	Group 2018 RM	Group 2017 RM
Contracted but not provided for:		
- Property, plant and equipment	**5,038,110**	4,965,013

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as:
(i) Fair value through profit or loss ("FVTPL");
(ii) Loans and receivables ("L&R");
(iii) Available-for-sale financial assets ("AFS"); and
(iv) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	FVTPL RM	L&R RM	AFS RM	FL RM
Group					
2018					
Financial assets					
Trade receivables	**14,389,149**	**-**	**14,389,149**	**-**	**-**
Other receivables and refundable deposits	**3,207,961**	**-**	**3,207,961**	**-**	**-**
Other investments	**16,887,749**	**-**	**-**	**16,887,749**	**-**
Fixed deposits with licensed banks	**550,769**	**-**	**550,769**	**-**	**-**
Cash and bank balances	**6,528,372**	**-**	**6,528,372**	**-**	**-**
	41,564,000	**-**	**24,676,251**	**16,887,749**	**-**
Financial liabilities					
Trade payables	**1,998,075**	**-**	**-**	**-**	**1,998,075**
Other payables and accruals	**3,464,626**	**-**	**-**	**-**	**3,464,626**
Derivative financial liabilities	**101,134**	**101,134**	**-**	**-**	**-**
Term loan	**2,361,111**	**-**	**-**	**-**	**2,361,111**
	7,924,946	**101,134**	**-**	**-**	**7,823,812**

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as:
(i) Fair value through profit or loss ("FVTPL");
(ii) Loans and receivables ("L&R");
(iii) Available-for-sale financial assets ("AFS"); and
(iv) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	FVTPL RM	L&R RM	AFS RM	FL RM
Group					
2017					
Financial assets					
Trade receivables	14,902,683	-	14,902,683	-	-
Other receivables and refundable deposits	3,209,567	-	3,209,567	-	-
Derivative financial assets	5,383	5,383	-	-	-
Other investments	17,931,796	-	-	17,931,796	-
Fixed deposits with licensed banks	41,400	-	41,400	-	-
Cash and bank balances	6,373,173	-	6,373,173	-	-
	42,464,002	5,383	24,526,823	17,931,796	-
Financial liabilities					
Trade payables	4,135,667	-	-	-	4,135,667
Other payables and accruals	2,432,083	-	-	-	2,432,083
Term loan	2,890,720	-	-	-	2,890,720
	9,458,470	-	-	-	9,458,470

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as:
(i) Fair value through profit or loss ("FVTPL");
(ii) Loans and receivables ("L&R");
(iii) Available-for-sale financial assets ("AFS"); and
(iv) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	AFS RM	FL RM
Company				
2018				
Financial assets				
Other receivables	**1,000**	**1,000**	**-**	**-**
Amount due from a subsidiary	**9,622,727**	**9,622,727**	**-**	**-**
Other investments	**14,309,493**	**14,309,493**	**-**	**-**
Cash and bank balances	**195,072**	**195,072**	**-**	**-**
	24,128,292	**24,128,292**	**-**	**-**
Financial liabilities				
Other payables and accruals	**212,773**	**-**	**-**	**212,773**
2017				
Financial assets				
Other receivables	9,374	9,374	-	-
Amount due from a subsidiary	10,592,728	10,592,728	-	-
Other investments	12,314,500	-	12,314,500	-
Cash and bank balances	49,694	49,694	-	-
	22,966,296	22,966,296	12,314,500	-
Financial liabilities				
Other payables and accruals	231,925	-	-	231,925

31.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

31.2.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to its subsidiary and financial guarantees given.

i. Trade receivables

The Group extends to existing customers credit terms ranging from 30 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group will subject new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.1 Credit risk (Cont'd)

i. Trade receivables (Cont'd)

	Gross RM	Individual impairment RM	Net RM
2018			
Not past due	**8,596,393**	**-**	**8,596,393**
1 to 30 days past due	**44,713**	**-**	**44,713**
31 to 60 days past due	**288,828**	**-**	**288,828**
Past due more than 60 days	**5,552,559**	**(93,344)**	**5,459,215**
	5,886,100	**(93,344)**	**5,792,756**
	14,482,493	**(93,344)**	**14,389,149**
2017			
Not past due	11,457,390	-	11,457,390
1 to 30 days past due	1,141,286	-	1,141,286
31 to 60 days past due	348,264	-	348,264
Past due more than 60 days	1,955,743	-	1,955,743
	3,445,293	-	3,445,293
	14,902,683	-	14,902,683

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM5,792,756** (2017: RM3,445,293) that are past due as at the end of the reporting period but not impaired as the management is of the view that these debts will be collected in due course.

The Group has concentration of credit risk in the form of outstanding balance due from **3** (2017: 5) customers, representing **50%** (2017: 68%) of the total trade receivables.

ii. Intercompany balances

The Company provides advances to its subsidiary and monitors the results of the subsidiary regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the short term advances are not recoverable. The Company does not specifically monitor the ageing of the short term advances.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.1 Credit risk (Cont'd)

iii. Financial guarantees

The Company provides unsecured financial guarantees to financial institution for banking facilities granted to a subsidiary up to a limit of **RM21,044,000** (2017: RM21,044,000). The maximum exposure to credit risk is amounted to **RM2,433,751** (2017: RM2,927,040), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

31.2.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
Group					
2018					
Non-derivatives financial assests					
Trade receivables	**14,389,149**	**14,389,149**	**14,389,149**	-	-
Other receivables and refundable deposits	**3,207,961**	**3,207,961**	**3,207,961**	-	-
Other investments	**16,887,749**	**16,887,749**	**16,887,749**	-	-
Fixed deposits with licensed banks	**550,769**	**550,769**	**550,769**	-	-
Cash and bank balances	**6,528,372**	**6,528,372**	**6,528,372**	-	-
Total undiscounted financial assests	**41,564,000**	**41,564,000**	**41,564,000**	-	-

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.2 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
Group					
2018					
Non-derivatives financial liabilities					
Trade payables	**1,998,075**	**1,998,075**	**1,998,075**	**-**	**-**
Other payables and accruals	**3,464,626**	**3,464,626**	**3,464,626**	**-**	**-**
Term loan	**2,361,111**	**2,579,052**	**720,665**	**664,230**	**1,194,157**
Derivatives financial liabilities					
Forward foreign exchange contracts	**101,134**	**101,134**	**101,134**	**-**	**-**
Total undiscounted financial liabilities	**7,924,946**	**8,142,887**	**6,284,500**	**664,230**	**1,194,157**
Net undiscounted financial assets/ (liabilities)	**33,639,054**	**33,421,113**	**35,279,500**	**(664,230)**	**(1,194,157)**
2017					
Non-derivatives financial assets					
Trade recievables	14,902,683	14,902,683	14,902,683	-	-
Other receivables and refundable deposits	3,209,567	3,209,567	3,209,567	-	-
Derivatives financial asset	5,383	5,383	5,383	-	-
Other investments	17,931,796	17,931,796	17,931,796	-	-
Fixed deposits with licensed banks	41,400	41,400	41,400	-	-
Cash and bank balances	6,373,173	6,373,173	6,373,173	-	-
Total undiscounted financial assets	42,464,002	42,464,002	42,464,002	-	-

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.2 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
Group					
2017					
Non-derivatives financial liabilities					
Trade payables	4,135,667	4,135,667	4,135,667	-	-
Other payables and accruals	2,432,083	2,432,083	2,432,083	-	-
Term loan	2,890,720	3,236,752	644,000	621,123	1,971,629
Total undiscounted financial	9,458,470	9,804,502	7,211,750	621,123	1,971,629
Net undiscounted financial assests/ (liabilities)	33,005,532	32,659,500	35,252,252	(621,123)	(1,971,629)
Company					
2018					
Non-derivatives finanncial assets					
Other receivables	**1,000**	**1,000**	**1,000**	**-**	**-**
Amount due from a subsidiary	**9,622,727**	**9,622,727**	**9,622,727**	**-**	**-**
Other investments	**14,309,493**	**14,309,493**	**14,309,493**	**-**	**-**
Cash and back balances	**195,072**	**195,072**	**195,072**	**-**	**-**
Total undiscounted financial assets	**24,128,292**	**24,128,292**	**24,128,292**	**-**	**-**
Non-derivatives financial liabilites					
Other payables and accruals	**212,773**	**212,773**	**212,773**	**-**	**-**
Financial guarantee *	**-**	**2,433,751**	**2,433,751**	**-**	**-**

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.2 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
Company					
2018 (Cont'd)					
Total undiscounted financial assets	**212,773**	**2,646,524**	**2,646,524**	**-**	**-**
Net undiscounted financial assets	**23,915,519**	**21,481,768**	**21,481,768**	**-**	**-**
2017					
Non-derivatives financial assets					
Other receivables	9,374	9,374	9,374	-	-
Amount due from a subsidiary	10,592,728	10,592,728	10,592,728	-	-
Other investments	12,314,500	-	-	-	-
Cash and bank balances	49,694	49,694	49,694	-	-
Total undiscounted financial assets	22,966,296	22,966,296	22,966,296	-	-
Non-derivatives financial liabliities					
Other payables and accruals	231,925	231,925	231,925	-	-
Financial guarantee *	-	2,927,040	2,927,040	-	-
Total undiscounted financial liabilities	231,925	3,158,965	3,158,965	-	-
Net undiscounted financial assets	22,743,371	19,807,331	19,807,331	-	-

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantee has not crystallised.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.3 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	Group	
	2018	**2017**
	RM	**RM**
Fixed rate instruments		
Financial assets	**550,796**	41,400
Floating rate instruments		
Financial liabilities	**2,361,111**	2,890,720

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point would have decreased profit before tax by **RM6,286** (2017: RM1,512) and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31.2.4 Foreign currency risk

The objectives of the Group's foreign exchange policy are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the Group's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD") and New Taiwan Dollar ("TWD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Financial risk management (Cont'd)

31.2.4 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

	Group	
	2018	2017
	RM	RM
USD	**(1,796,924)**	(1,254,696)
SGD	**(1,230)**	2,451
TWD	**(5,242)**	(840)
Reduction in profit before tax	**(1,803,396)**	(1,253,085)

32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Group and Company

Other than the other investments and derivative financial instruments disclosed below, the carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period.

The carrying amounts of the non-current portion of trade receivables are reasonable approximation of their fair values due to the insignificant impact of discounting.

Fair value hierarchy

The table below analyses financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).

	Level 1	Level 2	Level 3	Total fair value	Carrying amount
	RM	RM	RM	RM	RM
Group					
2018					
Financial assets					
- Other investments	**16,531,325**	**-**	**-**	**16,531,325**	**16,531,325**
Financial liabilities					
- Forward foreign exchange contracts	**-**	**101,134**	**-**	**101,134**	**101,134**

32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value hierarchy (Cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
Group					
2017					
Financial assets					
- Forward foreign exchange contracts	-	5,383	-	5,383	5,383
- Other investments	17,931,796	-	-	17,931,796	17,931,796
	17,931,796	5,383	-	17,937,179	17,937,179
Company					
2018					
Financial assets					
- Other investments	**14,309,493**	**-**	**-**	**14,309,493**	**14,309,493**
2017					
Financial assets					
- Other investments	12,314,500	-	-	12,314,500	12,314,500

The other investments represent investment in unit trusts and it is carried at fair value by reference to its quoted closing bid price at the end of the reporting period.

It is not practicable to estimate the fair value of the Group's unquoted shares in Malaysia due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group does not intend to dispose of this investment in the near future.

The fair value of the outstanding forward exchange contracts is obtained from the financial institution which the Group obtained the facility from.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

33. RESTRICTED SHARE PLAN ("RSP")

The RSP which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 December 2014, was implemented on 13 July 2017. It forms part of the Company's listing scheme during its Initial Public Offering on 15 September 2015 and is governed by the By-Laws of the RSP. The RSP will be in force for a maximum period of ten years from 15 February 2016 until 14 February 2026.

The salient features of RSP are as follows:

(a) The total number of new ordinary shares which are available to be issued under the RSP shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the RSP.

33. RESTRICTED SHARE PLAN ("RSP") (Cont'd)

The salient features of RSP are as follows: (Cont'd)

(b) Any employee or director of any company comprised in the Group shall be eligible to participate in the RSP if, as at the date of offer, the employee or director is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis and must be a confirmed employee; for director, further approval by shareholders of the Company is required in a general meeting.

(c) The allocation of the share will be staggered over the duration of the RSP and no further share shall be allocated after the initial grant date.

(d) The RSP shall remain unissued until the share awards are vested and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company prior to the date of allotment.

(e) A participant is required to pay RM1 only upon accepting the Restricted Share Award and is not required for further payment upon vesting of the new shares.

Movement in the number of awarded shares during the financial year are as follows:

Offer date	RSP	Balance at beginning	Granted	Exercised	Lapsed *	Balance at end
2018						
13.07.17	**I**	**786,800**	**-**	**(337,000)**	**(112,800)**	**337,000**
07.09.18	**II**	**-**	**940,000**	**-**	**-**	**940,000**
		786,800	**940,000**	**(337,000)**	**(112,800)**	**1,277,000**
2017						
13.07.17	**I**	-	808,300	-	(21,500)	786,800

* Lapsed due to resignation.

The fair value of the awarded shares granted was estimated at the grant date using Black-Scholes Model, taking into account the terms and conditions upon which the instruments were granted with the following inputs:

	RSP I	RSP II
Share price at grant date (RM)	**0.5238**	**0.345**
Fair value of share price (RM)	**0.5238**	**0.345**
Risk-free interest rate (% p.a.)	**3.69**	**3.69**
Expected life of RSP (years)	**2**	**2-3**
Dividend yield	**-**	**-**
Expected volatility	**55.68%**	**58.47%**

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the RSP is indicative of future trends, which may not necessarily be the actual outcome.

34. SEGMENTAL REPORTING

Business Segments

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment, i.e. electronic tester segment which is involved in the designing and assembling of automated test equipment and test and measurement instruments and the provision of their related and design consultancy services. As such, no operating segment information is prepared.

Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Malaysia	**5,223,853**	11,267,320	**21,464,092**	19,944,806
Singapore	**14,497,935**	15,399,075	**-**	-
China	**3,622,350**	8,760,559	**-**	-
United States of America	**5,011,537**	4,054,626	**-**	-
Taiwan	**801,106**	-	**90,667**	108,197
Korea	**6,907,120**	-	**-**	-
Other countries	**894,097**	586,001	**-**	-
	36,957,998	40,067,581	**21,554,759**	20,053,003

Non-current assets information presented above, which excludes financial assets, consists of the following items as presented in the statements of financial position.

	2018	2017
	RM	RM
Property, plant and equipment	**6,504,183**	6,366,668
Intangible assets	**13,686,335**	13,686,335
Development costs	**1,007,817**	-
Other investments	**356,424**	-
	21,554,759	20,053,003

Information about major customers

Total revenue from **3** (2017: 3) major customers which individually contributed more than 10% of the Group's revenue amounted to **RM24,637,434** (2017: RM24,243,348).

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy or process during the financial year under review as compared to the previous financial year.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	Group	
	2018	**2017**
	RM	**RM**
Total borrowings	**2,361,111**	2,890,720
Less: Other investments	**16,531,325**	17,931,796
Fixed deposits with licensed banks	**550,769**	41,400
Cash and bank balances	**6,528,372**	6,373,173
	(23,610,466)	(24,346,369)
Net cash surplus	**(21,249,355)**	(21,455,649)
Total equity	**78,503,258**	73,089,695
Gearing ratio	**-**	-

36. SIGNIFICANT EVENT

On 29 March 2018, the Company obtained shareholders' approval at its Extraordinary General Meeting for a bonus issue of 109,712,497 new ordinary shares in the Company on the basis of one (1) bonus share for every four (4) existing Company shares via the utilisation of the Company's available share premium as allowed under Section 618(4) of the Act. The utilisation of the share premium is RM10,971,250 based on the par value of RM0.10 per share (being the reference to the par value of the Company before the abolishment of the par value of the share capital under the Act). The bonus issue was completed on 23 April 2018.

The new ordinary shares issued during the year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

LIST OF PROPERTY

	Registered Owner / Location	Date of Acquisition	Description	Tenure	Age of building (Years)	Built up Area (Sq.ft)	Existing Use	Audited Net Carrying Amount as at 30 September 2018 RM '000
1	Aemulus Corporation Sdn Bhd B-2-4, Krystal Point, 303, Jalan Sultan Azlan Shah, 11900 Penang	02.05.2008	One (1) unit at the 2^{nd} floor of a 5-storey commercial building	Freehold	21	1,049	Rented to third-party	171,500

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2018

ANALYSIS OF SHAREHOLDINGS

A. Class of Shares : Ordinary Shares

Voting Rights : On show of hands – One vote for one person

On a poll – One vote for one ordinary share

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	208	4.707	9,855	0.002
100 – 1,000	210	4.752	86,448	0.016
1,001–10,000	1,481	33.514	8,444,689	1.538
10,001 – 100,000	2,176	49.242	69,929,450	12.740
100,001 – 27,444,973 (*)	339	7.672	196,399,782	35.781
27,444,974 and above (**)	5	0.113	274,029,273	49.923
Total	**4,419**	**100.000**	**548,899,497**	**100.000**

Remark : * - Less than 5% of Issued Shares
** - 5% and above of Issued Shares

C. SUBSTANTIAL SHAREHOLDERS

NAME	NUMBER OF ORDINARY SHARES			
	DIRECT	%	INDIRECT	%
NG SANG BENG	96,394,499	17.561	47,820,874 *	8.712
BOMBALAI HILL VENTURES SDN BHD	76,799,275	13.992	-	-
KHAZANAH NASIONAL BERHAD	-	-	76,799,275 #	13.992
YEOH CHEE KEONG	62,874,875	11.455	575,000 ^	0.105
AEMULUS VENTURE SDN BHD	42,928,749	7.821	-	-
BEACH CAPITAL SDN BHD	33,379,375	6.081	-	-
KAN KY-VERN	-	-	33,531,750 @	6.109
KAN AH CHUN	-	-	33,379,375 +	6.081

Notes:

* Deemed interested by virtue of his shareholdings of not less than 20% in Aemulus Venture Sdn Bhd pursuant to Section 8 of the Companies Act 2016 (“the Act”) and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

Deemed to have interest pursuant to Section 8 of the Act through its wholly-owned subsidiary, Bombalai Hill Ventures Sdn Bhd.

^ Other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

@ Deemed interested by virtue of being a substantial shareholder of Beach Capital Sdn Bhd pursuant to Section 8 of the Act and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

\+ Deemed interested by virtue of his shareholdings of not less than 20% in Beach Capital Sdn Bhd pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 31 DECEMBER 2018

D. DIRECTORS' SHAREHOLDINGS

NAME	NUMBER OF ORDINARY SHARES			
	DIRECT	%	INDIRECT	%
NG SANG BENG	96,394,499	17.561	47,820,874 *	8.712
YEOH CHEE KEONG	62,874,875	11.455	575,000 ^	0.105
WONG SHEE KIAN	18,181,094	3.312	-	-
CHOK KWEE BEE	1,250,000	0.228	-	-
ONG CHONG CHEE	1,400,000	0.255	-	-
FRIISCOR HO CHII SSU	6,899,750	1.257	75,000 ^	0.014
NG CHIN WAH	378,235	0.069	-	-

Notes:

* Deemed interested by virtue of his shareholdings of not less than 20% in Aemulus Venture Sdn Bhd pursuant to Section 8 of the Act and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

^ Other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

E. THIRTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1.	NG SANG BENG	85,456,999	15.568
2.	BOMBALAI HILL VENTURES SDN BHD	76,799,275	13.991
3.	YEOH CHEE KEONG	46,674,875	8.503
4.	BEACH CAPITAL SDN. BHD.	33,379,375	6.081
5.	AEMULUS VENTURE SDN. BHD.	31,718,749	5.778
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR YEOH CHEE KEONG (PBCL-0G0495)*	16,200,000	2.951
7.	WONG SHEE KIAN	15,914,000	2.899
8.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)*	15,342,275	2.795
9.	AEMULUS VENTURE SDN. BHD.	11,210,000	2.042
10.	NG SANG BENG	10,937,500	1.992
11.	FRIISCOR HO CHII SSU	6,899,750	1.257
12.	PONG CHUNG CHENG	4,892,125	0.891
13.	LOW BOK SIEW	4,215,750	0.768
14.	MOY SHIN FEI	4,016,125	0.731
15.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KEOH BENG HUAT*	3,883,375	0.707
16.	ONG CHUIN TEIN	2,736,375	0.498
17.	WONG SHEE KIAN	2,267,094	0.413

E. THIRTY LARGEST SHAREHOLDERS (Cont'd)

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
18.	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR SKANDINAVISKA ENSKILDA BANKEN AB (UCITS V SWEDISH)*	2,097,100	0.382
19.	TEOH HOAY MING	1,988,150	0.362
20.	TAN E-CHIANG	1,665,225	0.303
21.	ELSOFT RESEARCH BERHAD	1,650,000	0.300
22.	LEW SHYH SHYONG	1,461,225	0.266
23.	TAN TZE SIN	1,425,500	0.259
24.	ONG CHONG CHEE	1,400,000	0.255
25.	TAN ENG @ TAN CHIN HUAT	1,384,300	0.252
26.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MAH SENG KHOOI*	1,262,500	0.230
27.	CHOK KWEE BEE	1,250,000	0.227
28.	HLIB NOMINEES (TEMPATAN) SDN BHD *HONG LEONG BANK BHD FOR RAMESH A/L PALANIYANDY*	1,165,400	0.212
29.	NG MAN LEONG	1,110,625	0.202
30.	OOI CHENG HUAT @ OOI PENG HUAT	1,100,000	0.200

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting **("AGM")** of the Company will be held at Ballroom 3, LG Level – Main Wing, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, Malaysia on Friday, 22 February 2019 at 10:00 am for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 September 2018 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM160,000 for the financial year ending 30 September 2019. **Ordinary Resolution 1**

3. To approve the payment of benefits payable to the Directors of the Company up to an amount of RM70,000 from 1 October 2018 until the conclusion of the next AGM of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring in accordance with Company's Constitution (Article 87 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016):-

   (i) Mr Ong Chong Chee **Ordinary Resolution 3**

   (ii) Mr Friiscor Ho Chii Ssu **Ordinary Resolution 4**

5. To re-appoint Messrs Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications the following resolutions:-

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES
   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad **("Bursa Securities")** for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

7. **ORDINARY RESOLUTION**
PROPOSED AWARD TO NG CHIN WAH PURSUANT TO AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP")
"THAT the Directors be and are hereby authorised at any time and from time to time throughout the duration of the existing RSP to award and to grant to Ng Chin Wah, being the Executive Director/Chief Financial Officer of the Company, of up to One Hundred and Twenty Thousand (120,000) ordinary shares in the Company **("Shares") ("Plan Shares")** which will be vested in him at a future date and to allot and issue and/or procure the transfer of such number of Plan Shares to him in accordance with the By-Laws of the RSP, provided always that:

(i) he must not participate in the deliberation or discussion of his own allocation under the RSP; and
(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the RSP shall be allotted to him, if he either singly or collectively through persons connected with him, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time". **Ordinary Resolution 7**

8. **SPECIAL RESOLUTION**
PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY
"THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 24 January 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution**

9. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
TAN SHE CHIA (MAICSA 7055087)
Company Secretaries

Penang

Date: 24 January 2019

Notes:

1. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.

3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

4. Where a member appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy.

Notes: (Cont'd)

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Company's Constitution (Article 63(2) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 14 February 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

8. All resolutions as set out in this notice of Fourth AGM are to be voted by poll.

Explanatory Notes on Ordinary Business

Resolution 1 – Payment of Directors' fees
Resolution 1 is to facilitate payment of Directors' fees on current financial year basis, calculated based on the number of non-executive directors and the role and responsibilities undertaken by the non-executive directors for financial year 2019 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees proposed are insufficient (e.g. due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Resolution 2 – Payment of Directors' benefits
Resolution 2 is to approve the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the Companies Act 2016 for the period from 1 October 2018 until the conclusion of the next AGM of the Company.

Explanatory Notes on Special Business

Resolution 6 – Authority to issue shares
The proposed Ordinary Resolution 6, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

As at the date of this Notice, the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act 2016 under the general authority which was approved at the Third AGM held on 8 February 2018 and which will lapse at the conclusion of the Fourth AGM to be held on 22 February 2019. A renewal of this authority is being sought at the Fourth AGM under proposed Ordinary Resolution 6.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolutions 7 – Proposed award to Ng Chin Wah pursuant to RSP
The proposed Ordinary Resolutions 7, if passed, will allow the Directors to grant and to award Ng Chin Wah, an Executive Director/Chief Financial Officer of the Company, of up to 120,000 Shares to be issued to and/or vested in him pursuant to the RSP at any time and from time to time throughout the duration of the existing RSP, in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities.

Special Resolution – Proposed adoption of the new Constitution of the Company
The Special Resolution proposed under Agenda 8, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and ACE Market Listing Requirements issued by Bursa Securities and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 24 January 2019.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with the Rule 6.04(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed ordinary resolution 6 as stated in the Notice of Annual General Meeting of the Company for the details.

Aemulus™

Aemulus Holdings Berhad
(Company No. 1114009-H) (Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of ordinary shares held	

*I / We____ NRIC No. / Company No. ______________________________
(Full Name in Block Letters)

of ____ being a *Member/ Members of
(Full Address)

Aemulus Holdings Berhad hereby appoint ____NRIC
(Full Name in Block Letters)

No. / Company No___________________________________ of ____
(Full Address)

or failing him/ her, _____________________________________NRIC No./Company No______________________________
(Full Name in Block Letters)

of ____ as *my/ our proxy/ proxies to
(Full Address)

attend and vote for *me/us and on *my/our behalf at the Fourth Annual General Meeting ("AGM") of the Company to be held at Ballroom 3, LG Level – Main Wing, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, Malaysia on Friday, 22 February 2019 at 10:00 am, and at any adjournment thereof to vote as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Approval of payment of Directors' fees for the financial year ending 30 September 2019		
Ordinary Resolution 2	Approval of payment of Directors' benefits from 1 October 2018 until the conclusion of the next AGM of the Company		
Ordinary Resolution 3	Re-election of Mr Ong Chong Chee as Director		
Ordinary Resolution 4	Re-election of Mr Friiscor Ho Chii Ssu as Director		
Ordinary Resolution 5	Re-appointment of Messrs Grant Thornton as Auditors and to authorise the Directors to fix Auditor's remuneration		
Ordinary Resolution 6	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
Ordinary Resolution 7	Proposed Award to Ng Chin Wah pursuant to Aemulus Holdings Berhad Restricted Share Plan		
Special Resolution	Proposed Adoption of the New Constitution of the Company		

(Please indicate with an "X" in the spaces provided above to how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain from voting at his/her discretion)

The proportion of *my/our holdings to be represented by *my/our proxies are as follows:-

First named Proxy	%
Second named Proxy	%
	100%

In case of a vote taken by a show of hands, the *First named Proxy/Second named Proxy shall vote on *my/ our behalf.

As witness my hand this _________ day of __________________ 2019.

____
Signature of Member(s)/Common Seal

* Strike out whichever is not desired

Contact No.: ______________________________

Notes :

1. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
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8. All resolutions as set out in this notice of Fourth AGM are to be voted by poll.

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STAMP HERE

To

The Company Secretaries
Aemulus Holdings Berhad
(Company No. 1114009-H)
51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

fold here

Headquarter
Aemulus Holdings Berhad (1114009-H)

1C-06-02, One Precinct,
Lengkok Mayang Pasir, 11950 Penang.
Tel (604) 6846 000 **Fax** (604) 6466 799

www.aemulus.com