



Aemulus Holdings Berhad
(Company No. 1114009-H)

TARGETING *the* **BULL'S EYE**

Targeting the Bull's Eye

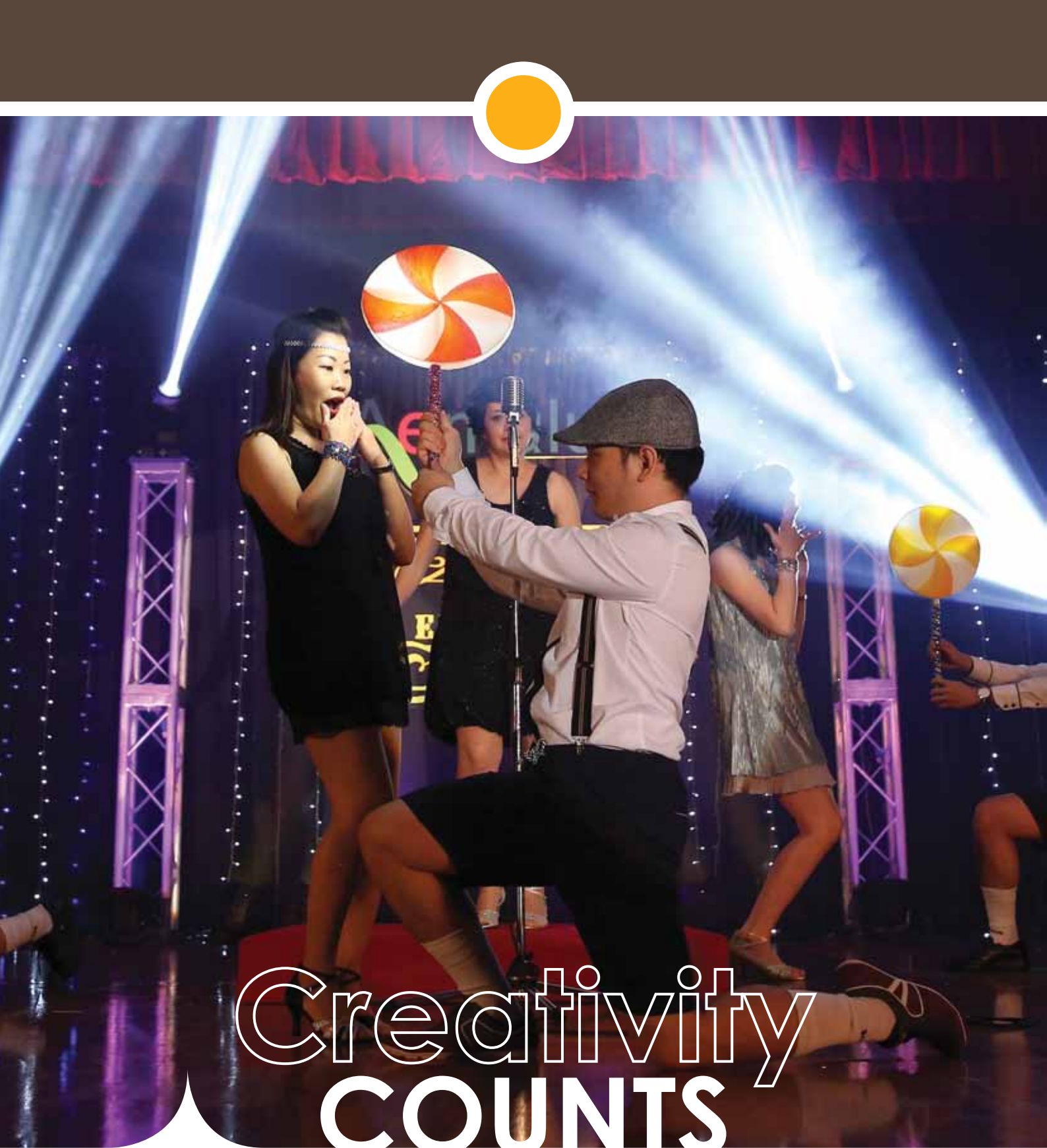
In Aemulus, we take pride in our innovation related to semiconductor test. Aemulus is the largest local-based company serving global multinational semiconductor manufacturers and outsourced semiconductor assembly and test companies in Asia and the United States of America.

With years of business experience and business insights, Aemulus is able to constantly keep the moving targets (i.e., demand and supply) within sight whilst staying abreast with the advancement in technology and market trends. We nail the bull's-eye by serving the needs and fulfilling the requirements of our customers with our innovative, efficient and cost-effective products as well as our timely services across the globe.



CONTENTS

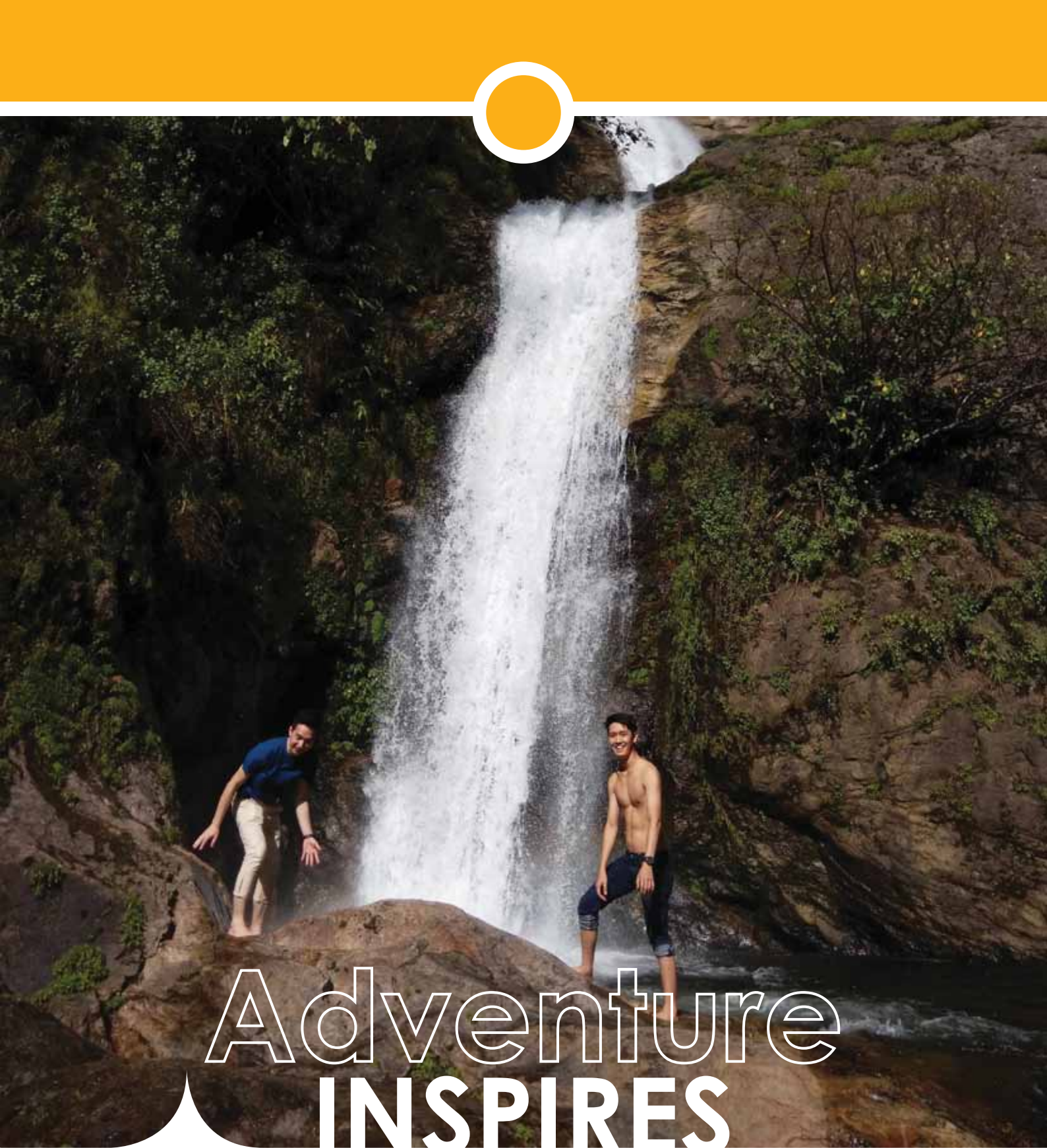
Corporate Information	5
Corporate Structure	6
Financial Highlights	7
Chairman's Statement	8
Board of Directors	10
Profile of Directors	11
Profile of Key Senior Management	19
Chronological Summary of the 2016 Events	21
Corporate Social Responsibility Statement	23
Corporate Governance Statement	25
Additional Compliance Information	34
Audit Committee Report	36
Statement on Risk Management and Internal Control	39
Statement of Directors' Responsibility in Relation to the Audited Financial Statements	41
Financial Statements	42
List of Property	92
Analysis of Shareholdings	93
Notice of Annual General Meeting	96
Statement Accompanying Notice of Annual General Meeting	98
Proxy Form	Enclosed



Creativity COUNTS

We are the face of Aemulus,
We dare to be different in achieving our goals.

Aemulus[™]



Adventure INSPIRES

We explore & experience,
We are constantly pushing our limits for breakthroughs.

Aemulus[™]



Teamwork WORKS

We are together as Aemulus,
We share our failure and success without hesitation.

Aemulus[™]

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

KAN KY-VERN

Executive Director / Chief Financial Officer

WONG SHEE KIAN

Executive Director / Chief Technology Officer

ONG CHONG CHEE

Independent Non-Executive Director

FRIISCOR HO CHII SSU

Independent Non-Executive Director

NG CHIN WAH

Executive Director
(appointed on 13 January 2017)

AUDIT COMMITTEE

Ong Chong Chee
Chairman

Chok Kwee Bee
Member

Friiscor Ho Chii Ssu
Member

REMUNERATION COMMITTEE

Chok Kwee Bee
Chairman

Ong Chong Chee
Member

Friiscor Ho Chii Ssu
Member

Ng Sang Beng
Member

Kan Ky-Vern
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. : (04) 2289 700
Fax No. : (04) 2279 800

BUSINESS ADDRESS

One Precinct
1C-6-02, Lengkok Mayang Pasir
11950 Penang
Tel No. : (04) 6846 000
Fax No. : (04) 6466 799

SPONSOR

TA Securities Holdings Berhad
28th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel No. : (03) 2072 1277
Fax No. : (03) 2026 7241

AUDITORS

Grant Thornton
Chartered Accountants
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : (04) 2287 828
Fax No. : (04) 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. : (03) 2783 9299
Fax No. : (03) 2783 9222

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

www.aemulus.com

CORPORATE STRUCTURE

HISTORY, PRINCIPAL ACTIVITIES AND GROUP STRUCTURE

Aemulus Holdings Berhad ("Aemulus") was incorporated in Malaysia on 17 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 activity is designing and assembling of automated test equipment and test and measurement instruments and the provision of their related services and design consultancy services.

The current group structure is detailed as follows:-

AEMULUS HOLDINGS BERHAD
(1114009-H)

100%

**AEMULUS CORPORATION
SDN BHD**
(798015-M)

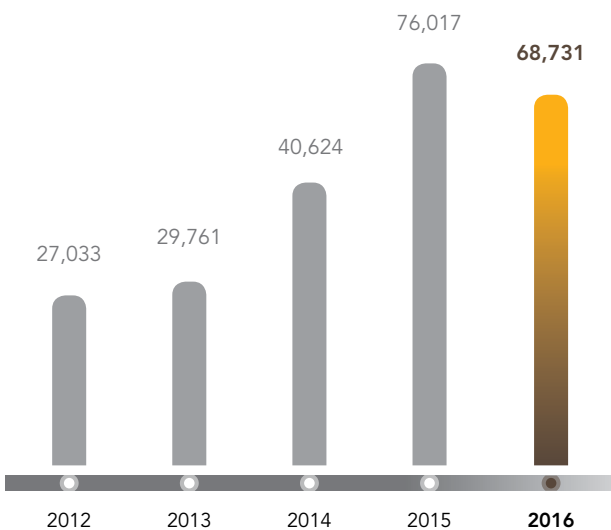


FINANCIAL HIGHLIGHTS

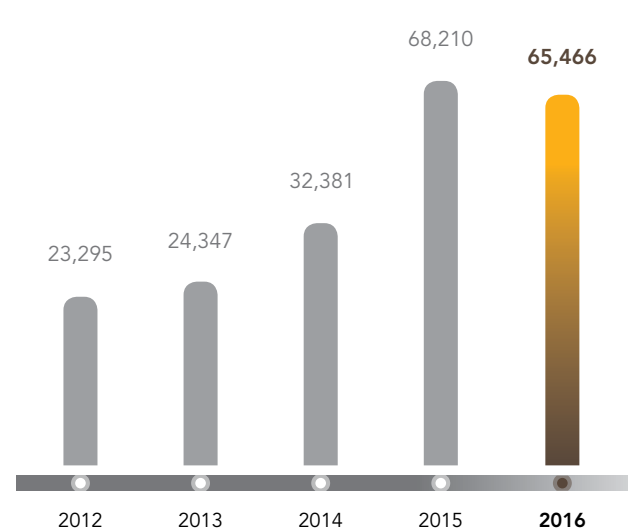
The financial highlights for financial year 2012 to 2014 reflect only that of Aemulus Corporation Sdn Bhd as Aemulus Holdings Berhad was only incorporated in 17 October 2014. The Financial Highlights should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial period ended 30 April 2015 as disclosed in the Prospectus of the Company dated 26 August 2015 and the interim notes attached to these interim financial statements.

	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Total assets	27,033	29,761	40,624	76,017	68,731
Equity	23,295	24,347	32,381	68,210	65,466
Revenue	11,031	10,004	23,307	32,591	21,984
Net profit/(loss)	1,071	1,001	8,034	9,067	(2,735)

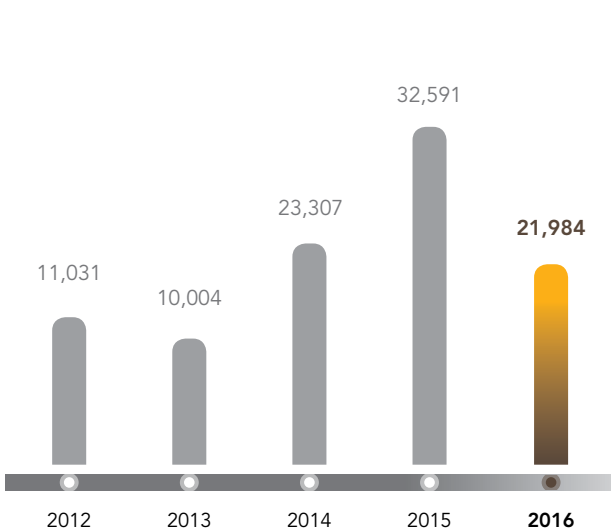
TOTAL ASSETS
(RM'000)



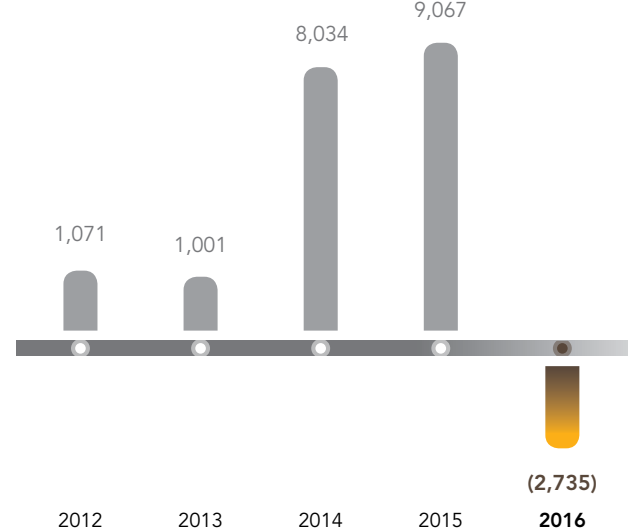
EQUITY
(RM'000)



REVENUE
(RM'000)



NET PROFIT/(LOSS)
(RM'000)



CHAIRMAN'S STATEMENT



CHOK KWEE BEE

Senior Independent Non-Executive Director /
Chairman

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present you the Annual Report of the Company for the financial year ended 30 September 2016 .

INDUSTRY LANDSCAPE

Despite signs of rebound in the market in recent months, the Semiconductor Industry Association announced that global semiconductor sales in 2016 will remain flat at \$335 billion, only 0.1% lower than 2015's performance.

However, slow down in the global mobile phone market and smart devices market coupled with numerous volatile economic and political events throughout the year had an impact to our overall performance. The industry was certainly challenging in 2016 as we seek to double our efforts on all fronts in seeding business developments to increase our market share and uncover growth opportunities.

The market share of smartphone has shown a shift from non-China-based smartphone vendors to China-based vendors. In the last quarter of 2015, the top two non-China-based-smartphone-vendors and the top three China-based-smartphone-vendors has 39.1% and 14.8% worldwide market share respectively. In the third quarter of 2016, the numbers changed to 33.5% and 22.3% respectively, or a change of -5.6% and +7.5% respectively.

The shift demanded increased investment and focus in China. At the same time, such increase would take one to two years to produce significant results.

CHAIRMAN'S STATEMENT

(Cont'd)

FINANCIAL PERFORMANCE

For the financial year ended (FYE) 30 September 2016, the Group recorded revenue of RM21.98 million, a decrease of 32.55% year-over-year and a loss after tax of RM2.74 million in the financial year. The main contributor was due to a drop in revenue from our enterprise storage market segment which recorded revenue of RM2.1 million, a decrease of 81%, as compared to FYE2015. As this market segment requires a high level of testing capability, effort and time, deployment for test solutions exhibit longer gestation periods. Nevertheless, with increased commitment in resources and technology development, we strive to achieve higher revenue for this segment in FYE2017. Contributions from our mobile devices segment remained consistent but modest due to overall slow down in the mobile device industry.

Revenue contributions from the Far East markets like China, Taiwan, Korea and Japan during the financial year has been encouraging and has outpaced contributions from other regions. To that effect, we have increased investments in human resources and talent to grow these markets with immense potential.

OPERATIONAL AND CORPORATE OVERVIEW

With the funds raised from the Initial Public Offering (IPO), we have been mobilizing our efforts on research and design into a wider scope of radio-frequency (RF) application solutions which will continue to pave the way for new and better product innovation for our customers. The mobile devices segment will continue to be our core strength as we up the pace of technology investments and regional market expansion in this space. Our R&D efforts are also focused on discovering high growth segments for non-RF applications as well.

As a reflection of our belief and commitment to high potential markets in the Far East Region, we have set up our maiden international operations office in Taiwan during the financial year.

While increasing our R&D effort and spending, as well as sales and marketing activities, we implemented new strategies in our supply chain and manufacturing in order to improve efficiency and costs. These strategies include change in organization structure, implementing new process flows and strengthening the role of material planning and procurement. We shall be able to see improved margin in the long run.

PROSPECTS AND OUTLOOK

Despite the challenging and volatile environment in 2016, the Semiconductor Industry Associations, quoting from the World Semiconductor Trade Statistics, expects to see sales in semiconductor growing by 3.3% to \$346 billion in 2017.

Growth markets are no less surprising to be in the Asia Pacific region while high potential areas will be in the space of RF, sensors and mixed-signal devices which have been the focus of Aemulus. At the same time, leveraging on existing platform, we shall design and enhance our tester offerings to different vertical market.

2016 was a year of change in the smartphone market landscape as we saw mainstream China-based smartphone companies including heavyweights like OPPO Electronics and Vivo Electronics contributing more than half of the total worldwide smartphone shipment. The drive towards local content in smartphones has become a trend. Therefore, our focus in business shall tap into these markets and trends that will require us stay close to technological developments that enable us to capture more business potential in 4G and the imminent 5G technology.

Other recent headways which we believe will be drivers for further growth was our partnership with Peregrine Semiconductor Corporation, a leading California-based manufacturer of high performance circuits, in the development of new microwave test capability. This is an important milestone for us to continue to expand our market reach beyond RF. Microwave frequency (μ Wave) test solution is widely used in anti-collision radar system in automobiles. We foresee an eventual need for μ Wave devices for autonomous vehicles and vehicle collision prevention which will drive our revenue stream in the future.

Another partnership that we are excited about is the signing of Memorandum of Understanding (MoU) with Shanghai Testrong Technologies Co., Ltd which will be the start of a close international co-operative effort in sales and marketing of Aemulus' RF Test System to new customers in China. Undoubtedly, this partnership shall extend our market coverage and penetration in the Far East markets.

Being witness to the dedicated efforts of the management team and employees of Aemulus, the Board is optimistic that the continuous talent and technological investments as well as strategic partnerships will bear positive results and propel the Group forward in 2017.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my appreciation to our Chief Executive Officer and the management team and employees of Aemulus for their dedication and loyalty. As always our appreciation extends to all our business partners who have believed and supported us throughout. Last but certainly not least, we thank the shareholders for your trust in Aemulus and we wish all a prosperous 2017 ahead.

CHOK KWEE BEE
Chairman
18 January 2017

BOARD OF DIRECTORS



1. Chok Kwee Bee
2. Ng Sang Beng
3. Yeoh Chee Keong
4. Wong Shee Kian
5. Kan Ky-Vern
6. Ong Chong Chee
7. Friisor Ho Chii Ssu
8. Ng Chin Wah

PROFILE OF DIRECTORS



CHOK KWEE BEE

Senior Independent Non-Executive Director /
Chairman

Chok Kwee Bee, a Malaysian, female, aged 64, is our Senior Independent Non-Executive Director / Chairman. She was appointed to the Board on 8 December 2014 as Independent Non-Executive Director and Chairman. She was designated as Senior Independent Non-Executive Director on 13 November 2015. She holds a Bachelor of Arts (Honours) degree in Business Studies from Kingston University, United Kingdom and she is also an Associate of the Chartered Institute of Bankers, United Kingdom.

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. Ms Chok 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 member of the Malaysian Venture Capital Development Council.

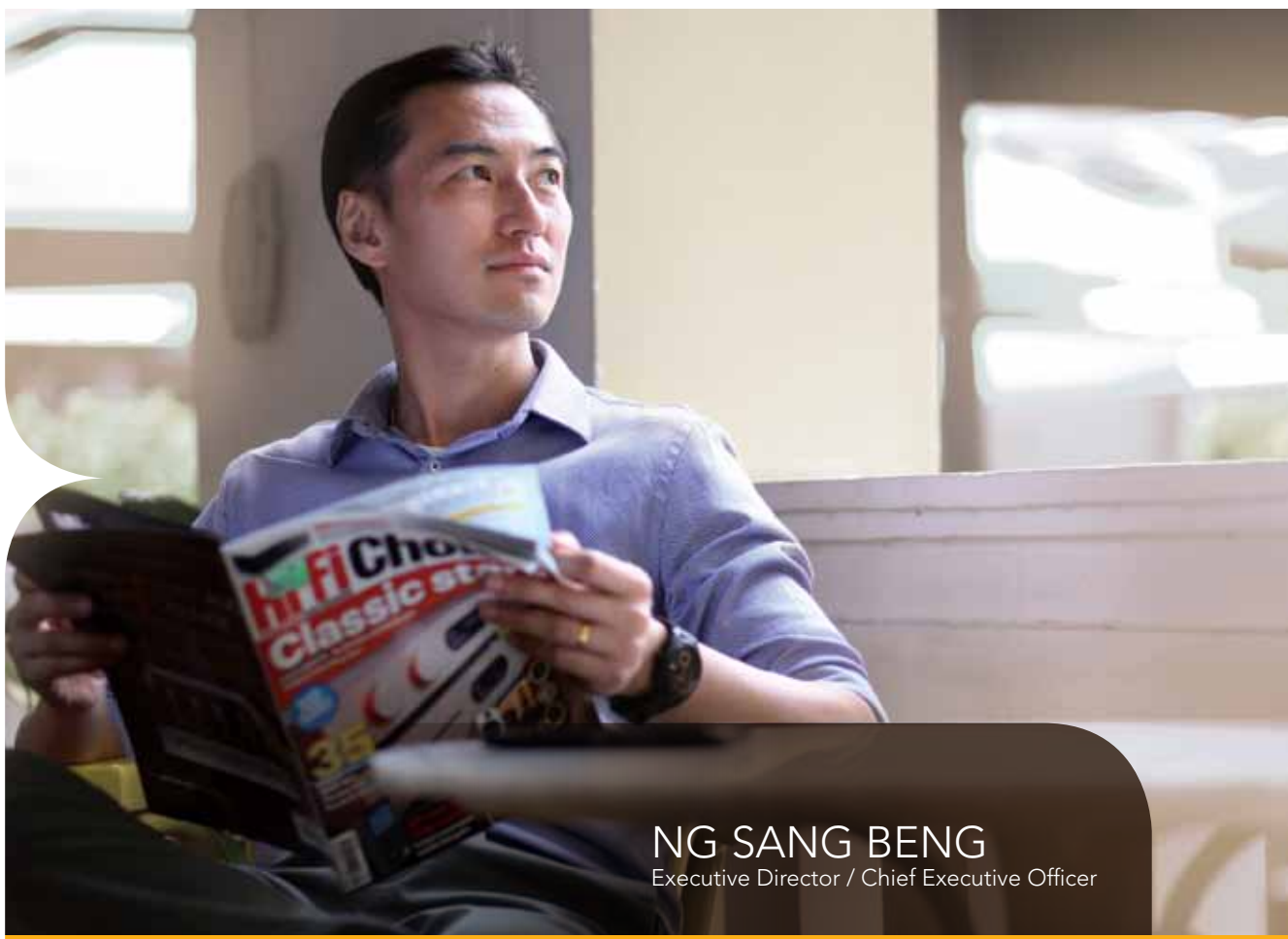
Ms. Chok is currently a non-executive Board member of Hong Leong Bank Berhad, a non-executive Board member of MIMOS Technology Solutions Sdn Bhd (formerly known as Frontier Novatur Sdn Bhd, a wholly-owned subsidiary of MIMOS Berhad) and a Management Committee Member of the Malaysian Venture Capital Management 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 26 May 2010, a position she holds until now.

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

PROFILE OF DIRECTORS

(Cont'd)



NG SANG BENG

Executive Director / Chief Executive Officer

Ng Sang Beng, a Malaysian, male, aged 40, is our Executive Director/Chief Executive Officer. He was appointed to the Board on 8 December 2014. He is responsible for the strategic operations, business development activities and Research & Development ("R&D") roadmap of the Group.

He graduated with a Bachelor of Electrical Engineering from Universiti Teknologi 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 fifteen (15) 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 designs.

He was recognised as one of the Endeavour Entrepreneurs by Endeavour Global at its 55th international selection panel 2014.

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 any family relationship with any Directors or major shareholders of the Company.

PROFILE OF DIRECTORS (Cont'd)



YEOH CHEE KEONG
Executive Director / Chief Operating Officer

Yeoh Chee Keong, a Malaysian, male, aged 49 is our Executive Director/Chief Operating Officer. He was appointed to the Board on 8 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 Kolej Damansara Utama. 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 field-programmable gate array tester systems.

He has more than twenty (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 currently sits on the board of several private limited companies.

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

PROFILE OF DIRECTORS

(Cont'd)



WONG SHEE KIAN

Executive Director / Chief Technology Officer

Wong Shee Kian, a Malaysian, male, aged 38, is our Executive Director/Chief Technology Officer. He was appointed to the Board on 8 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 supports 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.

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

PROFILE OF DIRECTORS

(Cont'd)



KAN KY-VERN
Executive Director /
Chief Financial Officer

Kan Ky-Vern, Malaysian, male, aged 35, is our Executive Director/Chief Financial Officer. He was appointed to the Board on 8 December 2014. He is responsible for the overall finance and accounts as well as investors relation functions of the Group.

He graduated with a Bachelor of Commerce, majoring in Accounts & Finance from the University of Melbourne in 2002. He started his career in the auditing profession with Ernst & Young, Kuala Lumpur in 2003 covering sectors of consumer services and telecommunications. He subsequently joined the Corporate Finance department of Alliance Investment Bank Berhad in 2004. He was primarily involved in initial public listing initiatives, financial modelling, business analytics and valuation in various technology and manufacturing companies. In 2005, he joined Accenture Malaysia where he was involved in project management and performance management in the financial services industry. He left Accenture Malaysia in 2006 and during the same year he joined GA Blue International Bhd (now known as Yen Global Bhd) as the financial controller and left in May 2009.

He was appointed as Director of Aemulus Corporation Sdn Bhd, the wholly-owned subsidiary of the Company on 14 March 2008 and subsequently assumed the position of Chief Financial Officer in June 2009, a position he holds until now. He currently sits on the board of several private limited companies.

Mr. Kan Ky-Vern is a member of the Remuneration Committee. He has no any family relationship with any Directors or major shareholders of the Company.

PROFILE OF DIRECTORS

(Cont'd)



ONG CHONG CHEE
Independent Non-Executive Director

Ong Chong Chee, a Malaysian, male, aged 40, is our Independent Non-Executive Director. He was appointed to our Board on 20 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 15 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, United Kingdom ("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 member of Remuneration Committee and Nomination Committee. He has no family relationship with any Directors or major shareholders of the Company.

PROFILE OF DIRECTORS

(Cont'd)



Friiscor Ho Chii Ssu, a Malaysian, male, aged 45, is our Independent Non-Executive Director. He was appointed to our Board on 20 July 2015.

He graduated with a Master of Business Administration from the University of Bath, United Kingdom in 2002. In 1995, he obtained a Bachelor of Science in Electrical Engineering from Washington University, The United States of America in May 1995 and a Bachelor of Arts in Physics from Ohio Wesleyan University, The United States of America 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 a 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, The United States of America) as the Director of Engineering where he assisted to set up a 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 Director of Engineering for Software and Intellectual Property Engineering. He left Altera in 2012 and joined Motorola Solutions Malaysia Sdn Bhd ("Motorola") as the Director of Engineering for 2-way radio products at Motorola, a position he still holds until today. 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.

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

PROFILE OF DIRECTORS

(Cont'd)

NG CHIN WAH

Executive Director

Ng Chin Wah, a Malaysian, male, age 37, is our Executive Director. He was appointed as Executive Director on 13 January 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 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, 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.

He joined our Group in 2009 as the Finance Manager. In April 2015, he was promoted to Financial Controller. He is responsible for the overall finance and accounts functions and overseeing the supply chain activities of our Group.

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 11 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

ONG CHUIN TEIN

Senior R&D Director

Ong Chuin Tein, a Malaysian, male, age 38, was appointed as Senior R&D Director on 1 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 Field Programmable Gate Array ("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 the 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 37, was appointed as R&D Director on 1 April 2013. He graduated from University of Malaya with 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 particularly, the signal source production support. His in-depth knowledge includes RF and analogue designs, various test and measurement devices such as signal generators, spectrum analyzers, network analyzers and power sensors. He is responsible for defining and designing the hardware discipline for our testers. He is constantly bridging and streamlining the communication between hardware and digital.

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.

PROFILE OF KEY SENIOR MANAGEMENT

(Cont'd)

MOY SHIN FEI

Senior Software Director

Moy Shin Fei, a Malaysian, male, age 37, was appointed as Senior Software Director on 1 April 2014. He graduated from Universiti 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 and was promoted to Senior Software Director in 2014. He is responsible for test system architecture which defines our software roadmap and scalable software architecture. In tune with software market trend and transition, he is planning our entry into Industry 4.0.

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

Senior Marketing Director

Tan E Chiang, a Malaysian, male, age 38, was appointed as Senior Marketing Director on 1 April 2010. He graduated from Universiti Teknologi Malaysia with 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 road mapping 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 a Marketing Manager and was promoted to Senior Marketing Director in 2010. 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.

Notes:

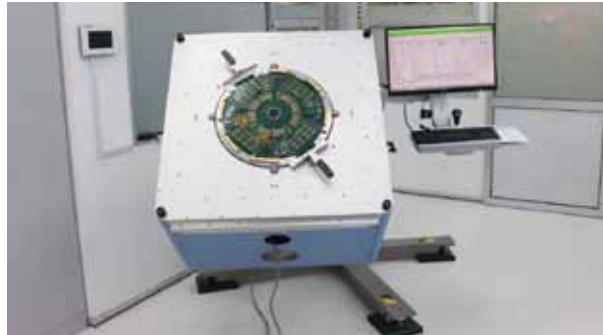
1. All the above Key Senior Management do not have any conflict of interest with the Company.
2. Other than traffic offences, none of the Key Senior Management of the Company has any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory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

AEMULUS'S CHRONOLOGICAL SUMMARY OF THE 2016 EVENTS



January 28th, 2016
**CORPORATE SOCIAL RESPONSIBILITY
SPEAKER**

A good story never got old. Recalling chapters of his life, Sang Beng, CEO of Aemulus picked one of his many favourites to share at Webcamp – a networking event for entrepreneurs, organised by a homegrown company. 'Investor Scouting', was a heavy subject turned delightful under Sang Beng's charm as an enthralling storyteller.



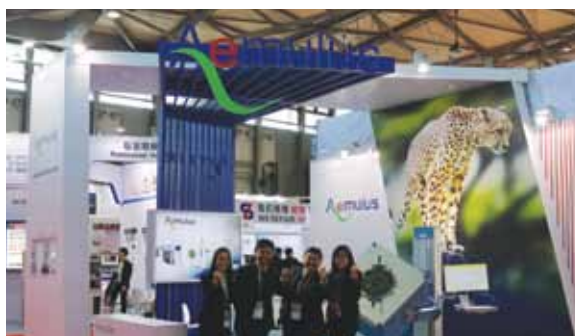
April 26th – 28th, 2016
**MARKETING & PROMOTION
SEMICON IN SCOPE 2016**

SEMICON in Scope was a private event solely for invited guests comprised of our existing and potential customers. Being a customer centric company, we value transparent communication and honest feedback from our customers. One of the showcased test platforms was even equipped with device under test (DuT) for maximum exposure. In addition to showcased test platforms on the floor and updates from both parties, customers were able to broach subjects with ease.



March 15th – 17th, 2016
**MARKETING & PROMOTION
SEMICON CHINA 2016**

Aemulus has made its presence known from the West to the East through SEMICON show. Year 2016 was all about Internet of Things (IoT) and Aemulus rode on the bandwagon of IoT with its notable Amoeba™ AMB4600. The Chinese are one of the fastest growing markets for adoption of smartphones and high bandwidth data. Users' demand of high data begot larger cloud storage. Consequently, establishment of data centres became critical. Aemulus's technology played a role in this chain, AMB4600 was designed to verify functionality of certain electronic components critical to the operation of a data centre.



May 19th, 2016
**CORPORATE SOCIAL
RESPONSIBILITY SPEAKER**

A high-tech company organised a series of focused pep talk targeting to their board of directors and senior management teams. Our CEO was invited to share his key take-outs throughout his journey of entrepreneurship. Sang Beng spoke on, 'Good Decision Is When You Make It Right'. The chosen topic was aimed to shade some light on dilemmas in decision-making for the audience.



AEMULUS'S CHRONOLOGICAL SUMMARY OF THE 2016 EVENTS

(Cont'd)



July 16th, 2016

CORPORATE SOCIAL RESPONSIBILITY ROADSHOW : *SECOND STARTUP – POWERED BY AEMULUS*

As a solid testament of a successful startup, Aemulus explored to share its success recipe with young entrepreneurs. Emulating Aemulus's culture, *Second Startup* was born to remind local entrepreneurs that failure would seed success. That, led them to revive their failed startups and pursue their passion persistently. Through roadshow, this programme had covered Northern, Central and Southern region of Peninsular Malaysia. Finalised startups went through a 12 weeks of incubation programme in the heart of Georgetown.



September 7th – 9th, 2016

MARKETING & PROMOTION SEMICON TAIWAN 2016

Operating in the niche industry of semiconductor, Aemulus could not rule out potential customers in Taiwan. After all, the country houses a handful of semiconductor manufacturers, especially chip designers. Undoubtedly, our presence at the event has reinforced our entrant to Taiwan in addition to the opening of our Taiwan branch.

August 9th, 2016

STAFF ENGAGEMENT FUTSAL COMPETITION

Football brings people together with a shared goal; players run and chase while supporters cheer on. Replicating UEFA European Championship 2016, a total of eight teams competed against each other in a futsal court. Towards the evening, the last two standing teams were Portugal and France competed in a grueling match. To our surprise, the fairer sex contributed to France Team's win too.



October 21st, 2016

STAFF ENGAGEMENT SYMPOSIUM & ANNUAL DINNER

We realigned our shared goals during our annual symposium and dinner. The first was to reiterate our stands and to ensure everyone was on the same page for the betterment of the company. The latter was to strengthen our belief, culture, and bonds across all departments. As serious as this annual event might sound, we never 'caged' the fun in us, it was always a night of free-flowing ideas and surprises.



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

We see ourselves as entrepreneurs with the passion to give back to the society. We make it our mission to help individuals with entrepreneurial dreams and desires, but without the opportunities and platforms to take their dreams to the next level.



Aemulus, being a high tech company aims to bring more inventions, transforming society through education and technology. Our sole existence may not transform the living standard for all but it can be achieved with more like-minded's presence. Hence, we aim to lend a hand to them, uncover their potential talents and be their guide in the journey of entrepreneurship through a boot camp.

Second Startup – Powered by Aemulus, welcomed early stage startups and grew seven startups specialising in IoT and Fintech through a 12 weeks accelerator programme. The event progressed as followed:

Roadshow at Kuala Lumpur: Reaching out to local talents



September 9th, 2016

CORPORATE SOCIAL RESPONSIBILITY INSTALLATION : SECOND STARTUP – POWERED BY AEMULUS

Second Startup, a boot camp for early stage startups specialising in IoT ran a 12 weeks accelerator programme for seven startups. *Second Startup* was unlike many accelerators programme, all startups were stationed in incubators ran their day-to-day operations with guidance from mentors. This approach was set to resume the sense of entrepreneurship from their initial startup experience. Mentors were carefully assigned to each startup to maximise each startup's growth. The right mentor with relevant field of expertise could break free one startup from a growth gridlocked. Subsequently, strategically scale one up all the way to gaining traction.

Unlike typical incubators, *Second Startup* does not take up equity of any participating startups. All startups are free to pitch and pave their own group's equity with any potential investors. The 12 weeks of mentors infused incubation saw seven startups experiencing a metamorphosis, from team's culture, product viability, design conceptualisation, to management.



Mentoring hours: Startup teams share their challenges with Sang Beng.



Aemulus Representatives flanked by all startups.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(Cont'd)



KAWAVILA – remotely control and monitor home electrical appliances as well as security and locks. With savings in mind, it is designed to forecast its usage of electricity which ultimately lead to a peace of mind.



MaiBasuh – mobile services have extended beyond parcels and food to car washing. An equipped bike travels to the requestors' location based on orders placed through a mobile app.



Pantori – smart inventory tracking can lead to better profit for all food & beverage business. The weight system enables better management of stocking perishable and non-perishable food.



Poladrone – an autonomous hybrid drone – capable of flying, hovering and covering a pre-set coordinates for a longer period of time.



SAMS – a one-stop system for all insurance agents – converging multiple insurance companies portfolio of a client with this online system. Ultimately, enabling agents to track and manage clients request in an effective and timely manner.



Monji – effective recycling starts at the source with a smart recycle bin, which can detect and segregate between aluminium tins and plastic bottles. Best, this smart bin can notify the recycling centre when it is full.



BAWA – Assistive technology for the visually impaired – a smart walking stick for the blind which can detect objects and surrounding obstacles via voice guidance from the smartphone.

CORPORATE GOVERNANCE 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 2012 ("Code") and the extent of compliance with the Recommendations of the Code as required under Code during the financial year ended 30 September 2016.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 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.

1.2 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.

1.3 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.

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 subsidiaries 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.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

1.4 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.

1.5 Promoting Sustainability

The Group recognises the importance of sustainability and its increasing impact to the business in a way that is environmentally safe and sound. The sustainability activities are set out in the Corporate Social Responsibility Statement.

1.6 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. These includes the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group and key policies, procedures and authority limits.

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.

1.7 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.

2. STRENGTHEN THE COMPOSITION

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.

2.1 Audit Committee

The summary of the activities of the Audit Committee during the financial year ended 30 September 2016 are set out under the Audit Committee Report in this Annual Report.

2.2 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.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

2. STRENGTHEN THE COMPOSITION (Cont'd)

2.2 Nomination Committee (Cont'd)

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.

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

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 serves well to Recommendation 2.2 of the Code.

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

- (a) Developed criteria to assess the effectiveness of the Board, the Board committees and individual Director.
- (b) Developed criteria to assess the independence and performance of independent director.
- (c) Recommended to the Board the appointment of Senior Independent Director.
- (d) 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.
- (e) Assessed the performance of Independent Non-Executive Directors.
- (f) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at the First Annual General Meeting.
- (g) Reviewed the term of office and performance of an audit committee.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

2. STRENGTHEN THE COMPOSITION (Cont'd)

2.2 Nomination Committee (Cont'd)

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.

2.3 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 are subject to shareholders' approval at the Annual General Meeting.

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 2016, for the Company as well as the group basis are as follows:-

	Salary, allowance, bonus and EPF (RM)	Fee (RM)	Total (RM)
Group			
Executive Directors	890,698	–	890,698
Non-Executive Directors	–	162,000	162,000
Company			
Executive Directors	–	–	–
Non-Executive Directors	–	160,000	160,000

The numbers of Directors whose total remuneration fall within certain bands are as follow:

Range of Remuneration	Number of Directors			
	Company		Group	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	–	2	–	2
RM50,001 to RM100,000	–	1	1	1
RM100,001 to RM150,000	–	–	–	–
RM150,001 to RM200,000	–	–	1	–
RM200,001 to RM250,000	–	–	–	–
RM250,001 to RM300,000	–	–	1	–
RM300,001 to RM350,000	–	–	–	–
RM350,001 to RM400,000	–	–	1	–

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independent Directors

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 Malaysia Securities Berhad ("Bursa Securities").

3.2 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.

3.3 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 are 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.

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.

3.4 Re-election of Directors

In accordance with the Articles of Association of the Company, 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 Articles of Association 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.

Directors over the age seventy (70) years are required to render themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The details of the Directors seeking re-election at the forthcoming second Annual General Meeting are disclosed in page 96 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

3. REINFORCE INDEPENDENCE (Cont'd)

3.5 Composition of the Board

With the appointment of Mr Ng Chin Wah as Executive Director on 13 January 2017, the Board currently consists of eight (8) members, comprising five (5) Executive Directors, 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.

4. FOSTER COMMITMENT

4.1 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 2016. 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 six (6) times during the financial year.

The Directors' attendance at the Board meetings during the financial year ended 30 September 2016 were as follows:-

Name of Directors	Attendance
Chok Kwee Bee	6/6
Ng Sang Beng	6/6
Yeoh Chee Keong	6/6
Kan Ky-Vern	6/6
Wong Shee Kian	6/6
Ong Chong Chee	6/6
Friisor Ho Chii Ssu	6/6

4.2 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 to 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 Securities. They have also attended various continuous education programmes such as seminars and conferences.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

4. FOSTER COMMITMENT (Cont'd)

4.2 Directors' Training (Cont'd)

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

Name	No. of days	Mode	Title of Training
Chok Kwee Bee	1/2 day	Forum	Future of Auditor Reporting – The Game Changer for Boardroom
	1/2 day	Forum	CG Breakfast Series with Directors: Board Reward & Recognition
	1/2 day	Talk	Coversations @ SC with Sir David Tweedie, Chairman of the International Valuation Standards Council's Board of Trustees and past Chairman of the International Accounting Standards Board UK
	1	Workshop	Companies Act Workshop
	1	Conference	Khazanah Megatrends
Ng Sang Beng	5	Program	Harvard Business School Executive Education Program
Yeoh Chee Keong	1	Forum	Interactive Dialogue session with industry players on future of manufacturing in conjunction with world economic forum on ASEAN 2016
Kan Ky-Vern	2	Conference	National Tax Conference 2016
Wong Shee Kian	1	Conference	Technology Innovation Platform Conference
	1	Workshop	Fusionex Big Data Analytics workshop
Ong Chong Chee	2	Conference	National GST Conference
	1	Workshop	GST Workshop on GST Updates and Developments
	2	Conference	National Tax Conference
Friiscor Ho Chii Ssu	1	Course	Comprehending Financial Statements for Directors and Senior Management

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 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 41 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

5.2 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.

6. RECOGNISE AND MANAGE RISKS

6.1 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.

6.2 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 39 to 40 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 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.

CORPORATE GOVERNANCE STATEMENT

(Cont'd)

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (Cont'd)

7.2 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.

8. 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.

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.

In compliance with the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by poll with effect from 1 July 2016.

Notice of Annual General Meeting and the annual report are sent to shareholders at least 21 days before the date of the meeting.

9. 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.

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 18 January 2017.

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 2016.

3. UTILISATION OF PROCEEDS

The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM43,885,000 comprising 438,850,000 shares on the ACE Market of Bursa Malaysia Securities Berhad was completed on 15 September 2015.

In conjunction with and as an integral part of the listing, the Company undertook a Public Issue of 87,790,000 new ordinary shares of RM0.10 at an issue price of RM0.28 per ordinary share ("Public Issue"). Relevant details of the initial public offering were set out in the Prospectus issued by the Company on 26 August 2015.

The gross proceeds from the Public Issue amounted to RM24.58 million and the status of the utilisation of the proceeds raised as at 31 December 2016 was as follows:-

	Description	Timeframe for Utilisation	Proposed Utilisation	Actual Utilisation	Deviation		Balance to be Utilised
			RM'000	RM'000	RM'000	%	RM'000
1.	Working capital	Within 24 months	12,881	10,574	-	-	2,307
2.	Research & Development expenditure	Within 24 months	6,000	3,554	-	-	2,446
3.	Purchase of property, plant and equipment	Within 24 months	2,000	498	-	-	1,502
4.	Marketing, branding and promotion	Within 24 months	1,200	452	-	-	748
5.	Estimated listing expenses	Immediate	2,500	1,741	759	30.36	759
	TOTAL		24,581	16,819	759	3.09	7,762

Note:-

^ The excess of RM 759,000 will be utilised for working capital purpose.

The utilisation of proceeds above should be read in conjunction with the Prospectus of the Company dated 26 August 2015. As stated in the Section 3.10.1 (e), page 27 of the Prospectus of the Company dated 26 August 2015:-

In the event if the actual listing expenses are higher than budgeted, the shortfall will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the surplus will be utilised for general working capital purposes.

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

4. AUDIT FEES

During the financial year ended 30 September 2016, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows:-

	Audit Fee (RM)
Company	14,000
Group	42,000

5. NON-AUDIT FEES

During the financial year ended 30 September 2016, 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	3,000
Group	9,045

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

MEETINGS AND ATTENDANCE

There were six (6) Audit Committee meetings held during the financial year ended 30 September 2016. The record of attendance is as follows:-

Name of Committee Member	Attendance
Mr Ong Chong Chee	6/6
Ms Chok Kwee Bee	6/6
Mr Friisor Ho Chii Ssu	6/6

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 2016 ("FY2016") in discharging its functions and duties:-

(i) Financial Reporting Oversight

- a) Reviewed the quarterly unaudited financial results with the finance team and thereafter recommended to the Board for approval, for announcement to Bursa Malaysia Securities Berhad and submission to Securities Commission.
- b) 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, 1965 and the ACE Market Listing Requirements.

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

- a) Discussed and reviewed the external auditors' audit planning memorandum for the FY2016 outlining their audit objectives, engagement and reporting responsibilities, audit approach, areas of audit emphasis, recent development of the Group, financial reporting updates, legal updates, engagement team, reporting, timetable and audit fees.
- b) 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 period ended 30 September 2015.
- c) The AC reviewed the external auditors' findings arising from audits, focusing on management's comment in response to the audits in order to be satisfied that appropriate action is being taken.

AUDIT COMMITTEE REPORT

(Cont'd)

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

(ii) **Oversee Activities of External Auditors in dealing with the Group (Cont'd)**

- d) 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.
- e) The AC reviewed the external auditors' audit exit memorandum for financial period ended 30 September 2015.
- f) The AC met three times with the external auditors 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.
- g) The AC reviewed the audit fees of the external auditors for the ensuing year prior to the Board of Directors for approval.
- h) The AC reviewed and evaluated the performance and independence of the external auditors. The areas assessed were (a) caliber 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 independency of the external auditors and recommended their re-appointment to the Board.

(iii) **Internal Audit ("IA")**

- a) Reviewed and approved the appointment of BDO Governance Advisory Sdn Bhd as Internal Auditors of the Company.
- b) Reviewed the IA plan for year 2015-2018 as tabled by the internal auditors.
- c) Reviewed IA report from internal auditors and assessed the internal auditors' findings, recommendations together with the management's comments.

(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) Reviewed the AC Report for inclusion in the Annual Report.
- b) Reviewed and adopted the internal audit function evaluation checklist and external auditors' performance and independence checklist.

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, no allocation of share options was made by the Company pursuant to the RSP and no share options were vested under the RSP.

AUDIT COMMITTEE REPORT

(Cont'd)

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 Committee on a quarterly basis or as earlier as appropriate. 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 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 period ended 30 September 2016 amounted to RM47,400.

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

- a) Presented and obtained approval from the Audit Committee the audit plan and scope of audit work;
- b) Performed audits according to the audit plan, reviewed the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls and made recommendations to improve their effectiveness; and
- c) 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

(Cont'd)

INTRODUCTION

The Malaysian Code of Corporate Governance 2012 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 Department to manage identified risks within defined parameters.

Periodic meetings attended by Head of Department and key management staff 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. On a quarterly basis or earlier as appropriate, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

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 organisation 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 Group's 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 2016. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and risk management.

This statement is issued in accordance with a resolution passed in the Board of Directors' meeting held on 18 January 2017.

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, 1965.

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 18 January 2017.



FINANCIAL STATEMENTS

Directors' Report	43
Directors' Statement	46
Statutory Declaration	46
Independent Auditors' Report to the Members	47
Statements of Financial Position	49
Statements of Comprehensive Income	50
Consolidated Statement of Changes in Equity	51
Statement of Changes in Equity	52
Statements of Cash Flows	53
Notes to the Financial Statements	55
Supplementary Information	91

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended **30 September 2016**.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst that of the subsidiary are designing and assembling of automated test equipment and test and measurement instruments and the provision of their related services and design consultancy services.

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

RESULTS

	GROUP RM	COMPANY RM
(Loss)/Profit after taxation for the year	<u>(2,735,019)</u>	<u>41,626</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **30 September 2016** have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial period.

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS

The directors who served since the date of the last report are as follows:

Ng Sang Beng
Yeoh Chee Keong
Kan Ky-Vern
Wong Shee Kian
Chok Kwee Bee
Ong Chong Chee
Friiscor Ho Chii Ssu
Ng Chin Wah (appointed on 13.1.17)

DIRECTORS' REPORT

(Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

DIRECTORS' INTERESTS IN SHARES

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 of RM0.10 each →			Balance at 30.9.16
	Balance at 1.10.15	Bought	Sold	
Direct interest:				
Ng Sang Beng	78,335,600	30,000	–	78,365,600
Yeoh Chee Keong	51,174,900	–	–	51,174,900
Wong Shee Kian	14,731,200	–	–	14,731,200
Chok Kwee Bee	1,000,000	–	–	1,000,000
Friiscor Ho Chii Ssu	5,469,800	50,000	–	5,519,800
Ong Chong Chee	1,100,000	–	–	1,100,000
Deemed interest:				
Ng Sang Beng ⁽ⁱ⁾	39,288,700	–	–	39,288,700
Yeoh Chee Keong ⁽ⁱⁱ⁾	460,000	–	–	460,000
Kan Ky-Vern ⁽ⁱⁱⁱ⁾	30,345,400	–	–	30,345,400
Friiscor Ho Chii Ssu ⁽ⁱⁱ⁾	–	60,000	–	60,000

⁽ⁱ⁾ Deemed interest pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965 by virtue of shares held through Aemulus Venture Sdn. Bhd. and spouse.

⁽ⁱⁱ⁾ Other interest pursuant to Section 134(12)(c) of the Companies Act, 1965 by virtue of shares held by spouse.

⁽ⁱⁱⁱ⁾ Deemed interest pursuant to Section 6A and Section 134(12)(c) of the Companies Act, 1965 by virtue of shares held through Beach Capital Sdn. Bhd. and spouse.

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

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company 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.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, 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 corporate.

DIRECTORS' REPORT

(Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

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 making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, 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 the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and 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 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 person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The details of significant event during the financial year are disclosed in Note 29 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors:

Ng Sang Beng

Penang,

Date: 18 January 2017

Kan Ky-Vern

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 49 to 90 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 91 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

Ng Sang Beng

Kan Ky-Vern

Date: 18 January 2017

STATUTORY DECLARATION

I, **Kan Ky-Vern**, 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 49 to 90 and the supplementary information set out on page 91 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 **18th**)
day of **January 2017**.)

Kan Ky-Vern

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

(Cont'd)

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **Aemulus Holdings Berhad**, which comprise the statement of financial position as at **30 September 2016** 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 a summary of significant accounting policies and other explanatory information as set out on pages 49 to 90.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of these financial statements 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, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 September 2016** 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, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (c) The auditors' report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

(Cont'd)

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 91 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

Penang

Date: 18 January 2017

John Lau Tiang Hua, DJN
No. 1107/03/18 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

	NOTE	GROUP		COMPANY	
		30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	5,065,330	4,332,503	-	-
Investment in a subsidiary	5	-	-	35,105,998	35,105,998
Intangible assets	6	13,686,335	13,686,335	-	-
Trade receivables	7	677,620	-	-	-
		<u>19,429,285</u>	<u>18,018,838</u>	<u>35,105,998</u>	<u>35,105,998</u>
Current assets					
Inventories	8	10,958,308	11,629,924	-	-
Trade receivables	7	10,929,881	9,311,260	-	-
Other receivables, deposits and prepayments	9	656,740	2,116,730	1,000	5,300
Amount due from a subsidiary	10	-	-	8,020,866	23,366,105
Other investment	11	22,849,433	646,604	14,880,333	-
Fixed deposits with licensed banks	12	1,470,540	1,434,226	-	-
Cash and bank balances	13	2,437,041	32,858,982	132,450	2
		<u>49,301,943</u>	<u>57,997,726</u>	<u>23,034,649</u>	<u>23,371,407</u>
TOTAL ASSETS		<u>68,731,228</u>	<u>76,016,564</u>	<u>58,140,647</u>	<u>58,477,405</u>
EQUITY AND LIABILITIES					
Share capital	14	43,885,000	43,885,000	43,885,000	43,885,000
Reserves	14	2,247,913	2,256,040	15,210,093	15,210,093
Retained profits/(loss)		19,333,546	22,068,565	(1,159,654)	(1,201,280)
Total equity		<u>65,466,459</u>	<u>68,209,605</u>	<u>57,935,439</u>	<u>57,893,813</u>
Non-current liabilities					
Borrowings	15	-	127,745	-	-
Current liabilities					
Trade payables	16	1,629,611	4,004,497	-	-
Other payables and accruals	17	1,435,110	3,374,742	199,354	576,417
Provision for warranty	18	187,230	261,400	-	-
Borrowings	15	-	5,236	-	-
Provision for taxation		12,818	33,339	5,854	7,175
		<u>3,264,769</u>	<u>7,679,214</u>	<u>205,208</u>	<u>583,592</u>
Total liabilities		<u>3,264,769</u>	<u>7,806,959</u>	<u>205,208</u>	<u>583,592</u>
TOTAL EQUITY AND LIABILITIES		<u>68,731,228</u>	<u>76,016,564</u>	<u>58,140,647</u>	<u>58,477,405</u>

The notes set out on pages 55 to 90 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	NOTE	GROUP		COMPANY	
		1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
Revenue	19	21,984,281	32,591,284	-	-
Cost of sales		(10,149,148)	(13,390,863)	-	-
Gross profit		11,835,133	19,200,421	-	-
Other income		1,460,216	3,120,321	658,971	28,701
Administrative expenses		(11,671,190)	(9,182,362)	(549,916)	(1,222,806)
Other expenses		(700,385)	(1,246,442)	-	-
Research and development expenses		(3,570,781)	(2,714,623)	-	-
(Loss)/Profit from operations		(2,647,007)	9,177,315	109,055	(1,194,105)
Finance costs		(7,253)	(75,564)	-	-
(Loss)/Profit before taxation	20	(2,654,260)	9,101,751	109,055	(1,194,105)
Taxation	21	(80,759)	(34,718)	(67,429)	(7,175)
(Loss)/Profit for the year/period		(2,735,019)	9,067,033	41,626	(1,201,280)
Other comprehensive loss, net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		(8,127)	-	-	-
Total comprehensive (loss)/income for the year/period		(2,743,146)	9,067,033	41,626	(1,201,280)
(Loss)/ Earnings per share attributable to the owner of the Company (sen)					
- Basic/Diluted	22	(0.62)	2.56		

The notes set out on pages 55 to 90 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

NOTE	← Non-distributable			→ Distributable		Total Equity RM
	Share Capital RM	Share Premium RM	Merger Deficit RM	Exchange Translation Reserve RM	Retained Profits RM	
30.9.16						
Balance at 1.10.15	43,885,000	15,210,093	(12,954,053)	–	22,068,565	68,209,605
Total comprehensive loss for the year	–	–	–	(8,127)	(2,735,019)	(2,743,146)
Balance at 30.9.16	43,885,000	15,210,093	(12,954,053)	(8,127)	19,333,546	65,466,459
30.9.15						
Balance at 17.10.14 (date of incorporation)	2	–	–	–	13,001,532 *	13,001,534
Total comprehensive income for the period	–	–	–	–	9,067,033	9,067,033
<i>Transactions with owners:</i>						
Share issue pursuant to acquisition of a subsidiary	14	35,105,998	–	(12,954,053)	–	22,151,945
Share issue pursuant to Initial Public Offering	14	8,779,000	15,802,200	–	–	24,581,200
Share issue expenses		–	(592,107)	–	–	(592,107)
Total transactions with owners		43,884,998	15,210,093	(12,954,053)	–	46,141,038
Balance at 30.9.15		43,885,000	15,210,093	(12,954,053)	–	22,068,565

* This represents the retained profits of Aemulus Corporation Sdn. Bhd. as at 1 October 2014.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	NOTE	← Non-distributable →			Total Equity RM
		Share Capital RM	Share Premium RM	Accumulated Losses RM	
30.9.16					
Balance at 1.10.15		43,885,000	15,210,093	(1,201,280)	57,893,813
Total comprehensive income for the year		–	–	41,626	41,626
Balance at 30.9.16		43,885,000	15,210,093	(1,159,654)	57,935,439
2015					
Balance at 17.10.14 (date of incorporation)		2	–	–	2
Total comprehensive loss for the period		–	–	(1,201,280)	(1,201,280)
<i>Transactions with owners:</i>					
Share issue pursuant to acquisition of a subsidiary	14	35,105,998	–	–	35,105,998
Share issue pursuant to Initial Public Offering	14	8,779,000	15,802,200	–	24,581,200
Share issue expenses		–	(592,107)	–	(592,107)
Total transactions with owners		43,884,998	15,210,093	–	59,095,091
Balance at 30.9.15		43,885,000	15,210,093	(1,201,280)	57,893,813

The notes set out on pages 55 to 90 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	GROUP		COMPANY	
	1.10.15 to 30.9.16 RM	(Restated) 17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(2,654,260)	9,101,751	109,055	(1,194,105)
Adjustments for:				
Allowance for obsolete inventories	1,589,327	–	–	–
Depreciation	795,532	501,903	–	–
Government grant	–	(1,091,387)	–	–
Interest expense	7,253	75,564	–	–
Interest income	(393,493)	(111,829)	(298,614)	(28,701)
Listing expenses	45,764	1,149,244	45,764	997,941
Loss on disposal of Property, plant and equipment	–	2,626	–	–
Property, plant and equipment written off	1,489	85,981	–	–
Provision for warranty	(74,170)	77,034	–	–
Unrealised gain on foreign exchange	(507,567)	(90,071)	–	–
Operating (loss)/profit before working capital changes	(1,190,125)	9,700,816	(143,795)	(224,865)
Increase in inventories	(917,711)	(4,279,344)	–	–
(Increase)/Decrease in receivables	(1,512,642)	1,056,389	4,300	(5,300)
(Decrease)/Increase in payables	(4,324,901)	1,658,728	(377,063)	576,417
Cash (used in)/ generated from operations	(7,945,379)	8,136,589	(516,558)	346,252
Income tax paid	(101,280)	(19,304)	(68,750)	–
Income tax refund	–	3,296	–	–
Interest paid	(7,253)	(11,849)	–	–
Net cash (used in)/from operating activities	(8,053,912)	8,108,732	(585,308)	346,252
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	393,493	111,829	298,614	13,874
Purchase of property, plant and equipment	(1,529,848)	(1,999,174)	–	–
Placement of fixed deposits	(36,314)	(1,060,316)	–	–
Net change in subsidiary company's balance	–	–	15,345,239	(23,351,278)
Net cash (used in)/from investing activities	(1,172,669)	(2,947,661)	15,643,853	(23,337,404)
Balance carried forward	(9,226,581)	5,161,071	15,058,545	(22,991,152)

The notes set out on pages 55 to 90 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

(Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	GROUP		COMPANY	
	1.10.15 to 30.9.16 RM	(Restated) 17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
Balance brought forward	(9,226,581)	5,161,071	15,058,545	(22,991,152)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	–	24,581,202	–	24,581,202
Payment of listing expenses	(45,764)	(1,741,351)	(45,764)	(1,590,048)
Proceeds from government grant	1,056,160	901,887	–	–
Payment of finance lease	(100)	(4,216)	–	–
Payment of term loan	(132,881)	(5,932)	–	–
Net cash from/(used in) financing activities	877,415	23,731,590	(45,764)	22,991,154
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,349,166)	28,892,661	15,012,781	2
Effects of changes in exchange rates on cash and cash equivalents	130,054	57,816	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING	33,505,586	4,555,109	2	–
CASH AND CASH EQUIVALENTS AT END	25,286,474	33,505,586	15,012,783	2
Represented by:				
Other investment	22,849,433	646,604	14,880,333	–
Fixed deposits with licensed banks	1,470,540	1,434,226	–	–
Cash and bank balances	2,437,041	32,858,982	132,450	2
	26,757,014	34,939,812	15,012,783	2
Less : Fixed deposits pledged to licensed banks	(1,470,540)	(1,434,226)	–	–
	25,286,474	33,505,586	15,012,783	2
Increase in inventories				
Changes in inventories	671,616	(4,285,821)	–	–
Allowance for obsolete inventories	(1,589,327)	–	–	–
Transfer from property, plant and equipment	–	6,477	–	–
Working capital changes	(917,711)	(4,279,344)	–	–

The notes set out on pages 55 to 90 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

– 30 SEPTEMBER 2016

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 January 2017.

Principal Activities

The principal activity of the Company is investment holding whilst that of the subsidiary are designing and assembling of automated test equipment and test and measurement instruments and the provision of their related services and design consultancy services.

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

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 applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 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 and by the Company.

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 and the Company use 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

2.2 Basis of Measurement (Cont'd)

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.

2.3 Functional and Presentation Currency

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

2.4 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following 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 financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101 Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

Amendments to MFRS 127 Equity Method in Separate Financial Statements

Annual Improvements to MFRS 2012 – 2014 Cycle

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107 Disclosure Initiative

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 12 Disclosure of Interests in Other Entities (under Annual Improvements to MFRS Standards 2014 – 2016 Cycle)

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 2 Classification and Measurement of Share – based Payments Transactions

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

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 22 Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

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

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 initial application of the above standards is not expected to have any material impact to the financial statements of the Group and the Company upon adoption, except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The new standard introduces new requirements for 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. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's other investment.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*. MFRS 16 eliminates the distinction between finance and operating leases. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statements of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statements of financial position are expected to be different compared with the current position.

The Group is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date of 1 January 2019.

2.5 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.

2.5.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

2.5.2 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) Useful lives of depreciable assets

Plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 5 to 10 years. Changes in the expected technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore future depreciation charges could be revised.

(ii) 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 6 to the financial statements.

(iii) 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.

(iv) 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.

(v) 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 necessarily 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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. The Group also 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 subsidiary is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised 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 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 share premium, capital redemption reserve and 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

- 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(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.

(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 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.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

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 Goodwill

Goodwill acquired through business combination is initially measured at cost being the excess of the cost of business acquired over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.4.2 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 and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments

3.6.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

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 are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.4 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

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiary) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

3.10 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.11 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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 Research and Development Expenditure

All general research and development expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

3.13 Government Grants

Government grants are recognised initially as deferred income at their fair values when there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. Grants related to asset are presented by deducting the grants to the carrying amount of the asset.

3.14 Revenue Recognition

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. Stage of completion is measured by reference to services performed to date as a percentage of total services to be performed.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 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.

3.16 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 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.

3.18 Foreign Currency Translations

Assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia ("RM") at the rates of exchange approximating those ruling on that date. Transactions in foreign currencies during the year are converted into RM at the rates of exchange approximating those ruling on transaction dates. Gains and losses on foreign exchange are included in the income statement.

The incorporation of the results and financial position 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.

3.19 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.

3.20 Share Capital and Share Premium

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Share premium includes any premium received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

- 30 SEPTEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold commercial lot RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
30.9.16							
At cost							
Balance at 1.10.15	210,000	4,893,377	355,340	547,765	148,375	-	6,154,857
Additions	-	1,477,808	12,600	39,440	-	-	1,529,848
Written off	-	(26,482)	-	-	-	-	(26,482)
Balance at 30.9.16	210,000	6,344,703	367,940	587,205	148,375	-	7,658,223
Accumulated depreciation							
Balance at 1.10.15	25,900	1,577,858	82,842	41,140	94,614	-	1,822,354
Current charge	4,200	681,683	36,626	58,185	14,838	-	795,532
Written off	-	(24,993)	-	-	-	-	(24,993)
Balance at 30.9.16	30,100	2,234,548	119,468	99,325	109,452	-	2,592,893
Carrying amount	179,900	4,110,155	248,472	487,880	38,923	-	5,065,330

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

- 30 SEPTEMBER 2016

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

GROUP

	Freehold commercial lot	Office and testing equipment	Furniture and fittings	Renovation	Motor vehicles	Capital expenditure in progress	Total
	RM	RM	RM	RM	RM	RM	RM
30.9.15							
At cost							
Balance at 17.10.14	210,000	3,457,789	129,339	184,965	148,375	225,309	4,355,777
Additions	-	1,897,413	226,001	301,036	-	-	2,424,450
Disposal	-	(8,080)	-	-	-	-	(8,080)
Reclassification	-	-	-	225,309	-	(225,309)	-
Set-off against government grant received	-	(425,276)	-	-	-	-	(425,276)
Transfer to inventories	-	(6,700)	-	-	-	-	(6,700)
Written off	-	(21,769)	-	(163,545)	-	-	(185,314)
Balance at 30.9.15	210,000	4,893,377	355,340	547,765	148,375	-	6,154,857
Accumulated depreciation							
Balance at 17.10.14	21,700	1,177,397	59,055	87,532	79,777	-	1,425,461
Current charge	4,200	414,407	23,787	44,672	14,837	-	501,903
Disposal	-	(5,454)	-	-	-	-	(5,454)
Transfer to inventories	-	(223)	-	-	-	-	(223)
Written off	-	(8,269)	-	(91,064)	-	-	(99,333)
Balance at 30.9.15	25,900	1,577,858	82,842	41,140	94,614	-	1,822,354
Carrying amount	184,100	3,315,519	272,498	506,625	53,761	-	4,332,503

The freehold commercial lot was pledged to a licensed bank as security for banking facility granted to the subsidiary in the financial period ended 30 September 2015.

The carrying amount of office and testing equipment amounting to **RM Nil** (2015: RM10,730) are acquired under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

5. INVESTMENT IN A SUBSIDIARY

	COMPANY	
	30.9.16	30.9.15
	RM	RM

Unquoted shares, at cost	35,105,998	35,105,998
--------------------------	-------------------	-------------------

The details of the subsidiary are as follows:

Name of Subsidiary	Effective Equity Interest		Principal Activities
	30.9.16	30.9.15	
Aemulus Corporation Sdn. Bhd. ("ACSB")	100%	100%	Designing and assembling of automated test equipment and test and measurement instruments and the provision of their related services and design consultancy 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 consolidated statement of financial position.

The recognised merger deficit at the acquisition date is derived as follows:

	GROUP
	30.9.15
	RM

Consideration paid by issuance of shares of the Company	35,105,998
Less: Nominal value of the subsidiary's share capital	<u>(22,151,945)</u>
Merger deficit	<u>12,954,053</u>

Impact of the acquisition on the consolidated Statements of Comprehensive Income

In the previous financial year when the merger took place, the subsidiary's profits were included in the Group's profits for the full financial year, regardless of the effective date of the merger.

6. INTANGIBLE ASSETS

	GROUP	
	30.9.16	30.9.15
	RM	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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

6. INTANGIBLE ASSETS (Cont'd)

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").

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-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 five (5) years cash flow projections are prepared based on management's past experience. The revenue for the first year of the five (5) years cash flow projections is prepared based on the most recent approved financial budget by the Board of directors. Thereafter, a **10%** (30.9.15: 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 five (5) year cash flow projections based on an assumed growth rate of **1%** (30.9.15: 1%) in perpetuity. The growth rate of **1%** (2015: 1%) is in line with information obtained from external sources.

(ii) Discount rate

A pre-tax discount rate of **5.90%** (30.9.15: 6.31%) 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 ("WACC"), which takes into consideration both the cost of debt and cost of equity.

Sensitivity to changes in key assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

(i) Cash flow projections and growth rate

Management recognises that the speed of technologies changes, possibility of new entrants as well as uncertainty in the demand of its products could yield a reasonably possible alternative estimate on its projected revenue over the five (5) years period. A 20% decrease in budgeted revenue will result in impairment of the CGU to which the goodwill is allocated to.

(ii) Discount rate

A rise in pre-tax discount rate to 10.90% would result in impairment of the CGU to which the goodwill is allocated to.

7. TRADE RECEIVABLES

	Note	30.9.16 RM	30.9.15 RM
Finance lease arrangement	7.2	788,746	–
Outright sale	7.3	10,818,755	9,311,260
		11,607,501	9,311,260

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

7. TRADE RECEIVABLES (Cont'd)

7.1 The trade receivables can be analysed as:

	30.9.16 RM	30.9.15 RM
Total amount receivable	11,698,470	9,311,260
Unearned interest income	<u>(90,969)</u>	–
	11,607,501	9,311,260
Less : Receivables under current assets	<u>(10,929,881)</u>	<u>(9,311,260)</u>
Receivables under non-current assets	<u>677,620</u>	–

7.2 The repayment schedule of the present value of receivables under finance lease arrangement are as follows:

	30.9.16 RM	30.9.15 RM
Within one year	111,126	–
Later than one year and not later than 5 years	<u>677,620</u>	–
	<u>788,746</u>	–

7.3 The normal credit terms granted to outright sale customer range between **30 to 90 days** (30.9.15: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

7.4 The currency profile of trade receivables is as follows:

	30.9.16 RM	30.9.15 RM
Ringgit Malaysia	2,049,881	2,839,920
US Dollar	9,537,538	6,471,340
Singapore Dollar	<u>20,082</u>	–
	<u>11,607,501</u>	<u>9,311,260</u>

8. INVENTORIES

	30.9.16 RM	30.9.15 RM
Raw materials	4,328,876	4,915,049
Finished goods	<u>6,629,432</u>	<u>6,714,875</u>
	<u>10,958,308</u>	<u>11,629,924</u>
Recognised in profit or loss:		
Allowance for obsolete inventories	1,589,327	–
Inventories recognised as cost of sales	<u>8,559,821</u>	<u>13,390,863</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
GST claimable	12,936	38,805	–	–
Government grant	131,384	1,515,775	–	–
Refundable deposits	188,507	207,668	–	–
Prepayments	295,588	349,182	–	–
Other receivable	28,325	5,300	1,000	5,300
	656,740	2,116,730	1,000	5,300

10. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is non-trade related, unsecured, non-interest bearing and is repayable on demand.

11. OTHER INVESTMENT

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Available-for-sale financial assets				
<u>Unit trusts, at fair value</u>				
Balance at beginning	646,604	–	–	–
Additions	22,282,853	646,604	14,960,357	–
Disposal	(80,024)	–	(80,024)	–
Balance at end	22,849,433	646,604	14,880,333	–

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

12. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks are pledged to licensed banks as securities for banking and credit card facilities granted to the Group.

The effective interest rates and maturities of fixed deposits at the end of the reporting period range from **2.70% to 3.43%** (30.9.15: 3.05% to 3.20%) per annum and **1 to 12 months** (30.9.15: 1 to 12 months) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Cash and bank balances	2,437,041	6,098,982	132,450	2
Short term deposits	–	26,760,000	–	–
	2,437,041	32,858,982	132,450	2

Short term deposits represent money market deposit which earned effective interest of 3.20% per annum and are placed for a period of 7 to 11 days.

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

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Analysis by currencies:				
Ringgit Malaysia	871,278	28,101,806	132,450	2
US Dollar	1,344,118	4,619,773	–	–
Singapore Dollar	182,193	137,403	–	–
New Taiwan Dollar	39,452	–	–	–
	2,437,041	32,858,982	132,450	2

14. CAPITAL AND RESERVES

14.1 Share capital

	Number of ordinary shares of RM0.10 each		Amount	
	30.9.16	30.9.15	30.9.16 RM	30.9.15 RM
Authorised				
Balance at beginning/ incorporation	1,000,000,000	4,000,000	100,000,000	400,000
Created during the financial period	–	996,000,000	–	99,600,000
Balance at end	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid				
Balance at beginning/ incorporation	438,850,000	20	43,885,000	2
Issued for acquisition of a subsidiary	–	351,059,980	–	35,105,998
Public issue	–	87,790,000	–	8,779,000
Balance at end	438,850,000	438,850,000	43,885,000	43,885,000

30.9.15

Subsequent to its date of incorporation, the Company increased its authorised share capital from RM400,000 to RM100,000,000 by the creation of an additional 996,000,000 ordinary shares of RM0.10 each.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

14. CAPITAL AND RESERVES (Cont'd)

14.1 Share capital (Cont'd)

As part of the Company's listing scheme which entails the acquisition of ACSB and the listing on the ACE Market of Bursa Malaysia Securities Berhad, the Company had during the financial period issued:

- (a) 351,059,980 new ordinary shares of RM0.10 each at par as consideration for the acquisition of ACSB; and
- (b) 87,790,000 new ordinary shares of RM0.10 each as part of the Initial Public Offering exercise at RM0.28 per ordinary shares.

14.2 Reserves

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Non-distributable:				
Share premium (Note 14.2.1)	15,210,093	15,210,093	15,210,093	15,210,093
Exchange translation Reserve (Note 14.2.2)	(8,127)	–	–	–
Merger deficit (Note 14.2.3)	(12,954,053)	(12,954,053)	–	–
	<u>2,247,913</u>	<u>2,256,040</u>	<u>15,210,093</u>	<u>15,210,093</u>

14.2.1 Share premium

	GROUP AND COMPANY	
	30.9.16 RM	30.9.15 RM
Balance at beginning/incorporation	15,210,093	–
Arising from public issue	–	15,802,200
Share issue expenses	–	(592,107)
Balance at end	<u>15,210,093</u>	<u>15,210,093</u>

Share premium comprises the premium paid on subscriptions of shares in the Company over and above the par value of the shares, net of transaction costs associated with the issuing of shares.

14.2.2 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.

14.2.3 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

15. BORROWINGS

	GROUP	
	30.9.16 RM	30.9.15 RM
Non-current liabilities		
<u>Finance lease liabilities</u>		
Minimum payments		
Within one year	-	101
Future finance charges	-	(1)
	-	100
Amount due within one year included under current liabilities	-	(100)
	-	-
<u>Term loan</u>		
Total amount payable		
Principle amount	-	132,881
Amount due within one year under current liabilities	-	(5,136)
	-	127,745
	-	127,745
Current liabilities		
Finance lease liabilities	-	100
Term loan	-	5,136
	-	5,236
Total borrowings	-	132,981

The finance lease liabilities are secured over the leased assets (Note 4).

The term loan was secured over Group's freehold commercial lot.

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
30.9.15						
Finance lease liabilities	1.23	100	100	-	-	-
Term loan	6.35	132,881	5,136	5,472	18,657	103,616

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

16. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	30.9.16 RM	30.9.15 RM
Ringgit Malaysia	412,065	683,174
US Dollar	1,217,546	3,275,606
Euro	–	39,942
Singapore Dollar	–	3,119
Sterling Pound	–	2,656
	1,629,611	4,004,497

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (30.9.15:30 to 90 days) credit terms.

17. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Other payables	339,377	827,309	126,554	157,052
Accruals	976,855	2,353,146	72,809	419,365
Deferred income	118,878	194,287	–	–
	1,435,110	3,374,742	199,354	576,417

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

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Analysis by currencies:				
Ringgit Malaysia	1,370,726	3,261,870	199,354	576,417
US Dollar	–	112,872	–	–
New Taiwan Dollar	64,384	–	–	–
	1,435,110	3,374,742	199,354	576,417

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

18. PROVISION FOR WARRANTY

	GROUP	
	30.9.16 RM	30.9.15 RM
Balance at beginning	261,400	–
Acquisition of a subsidiary	–	184,366
Additions	213,898	261,400
Reversal	(288,068)	(184,366)
Balance at end	<u>187,230</u>	<u>261,400</u>

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

19. REVENUE

	GROUP	
	1.10.16 to 30.9.16 RM	17.10.14 to 30.9.15 RM
Sale of goods		
- Outright sale	19,460,453	31,487,889
- Finance lease arrangement	788,746	–
Services rendered	<u>1,735,082</u>	<u>1,103,395</u>
	<u>21,984,281</u>	<u>32,591,284</u>

20. (LOSS)/PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
After charging:				
Allowance for obsolete inventories	1,589,327	–	–	–
Auditors' remuneration				
- statutory audit				
-current year	42,000	38,000	14,000	13,000
-under provision in prior year	12,000	–	–	–
- other services	9,045	8,180	3,000	3,000
Other auditors:				
- other services	26,069	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

20. (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

This is arrived at: (Cont'd)

	GROUP		COMPANY	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
After charging (Cont'd):				
Depreciation	795,553	501,903	–	–
Directors' fee - non-executive	162,060	52,360	160,000	40,000
Interest expense on:				
- Bank overdraft	3,008	3,000	–	–
- Finance lease	3	237	–	–
- RCPS	–	63,715	–	–
- Term loan	4,242	8,612	–	–
Listing expenses	45,764	1,149,244	45,764	997,941
Property, plant and equipment written off	1,489	85,981	–	–
Provision for warranty	(74,170)	77,034	–	–
Realised loss on foreign exchange	700,385	–	–	–
Rental of equipment				
- Current year	5,318	80,466	–	–
- Over provision in prior year	(7,042)	–	–	–
Rental of office equipment	1,800	–	–	–
Rental of premises	687,785	520,831	–	–
* Research and development expenditure	3,570,781	2,714,623	–	–
** Staff costs	5,623,502	5,042,626	–	–
And crediting:				
Dividend income from other investment	482,853	20,629	360,357	–
Interest income	393,493	111,829	298,614	28,701
Realised gain on foreign exchange	–	1,777,988	–	–
Rental income	22,800	11,400	–	–
Unrealised gain on foreign exchange	507,567	90,071	–	–

	GROUP	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM

* Research and development expenditure

- Staff costs	3,551,359	2,714,623
- Raw materials	19,422	–
	3,570,781	2,714,623

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

20. (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

	GROUP	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
** Staff costs		
- Salaries, allowance and bonus	8,111,159	6,937,625
- Defined contribution plan	978,147	773,353
- SOCSO	85,555	46,271
	<u>9,174,861</u>	<u>7,757,249</u>
Less: Charge to research and development expenditure	<u>(3,551,359)</u>	<u>(2,714,623)</u>
	<u>5,623,502</u>	<u>5,042,626</u>

Included in the staff costs are directors' emoluments as shown below:

Directors' emoluments

- Salaries, allowance and bonus	793,346	913,532
- Defined contribution plan	95,865	109,919
- SOCSO	1,487	–
	<u>890,698</u>	<u>1,023,451</u>

21. TAXATION

	GROUP		COMPANY	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
Malaysian income tax:				
Based on results for the financial year/period				
- Current tax	(113,216)	(53,943)	(74,604)	(7,175)
- Deferred tax				
Relating to origination and reversal of temporary differences	–	15,929	–	–
	<u>(113,216)</u>	<u>(38,014)</u>	<u>(74,604)</u>	<u>(7,175)</u>
Over provision of current tax in prior year	<u>32,457</u>	<u>3,296</u>	<u>7,175</u>	<u>–</u>
	<u>(80,759)</u>	<u>(34,718)</u>	<u>(67,429)</u>	<u>(7,175)</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

21. TAXATION (Cont'd)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
(Loss)/Profit before taxation	(2,654,260)	9,101,751	109,055	(1,194,105)
Income tax at Malaysian statutory tax rate of 24% (2015: 25%)	637,023	(2,275,438)	(26,173)	298,526
Effects of :-				
Expenses not deductible for tax purposes	(609,432)	(437,223)	(134,917)	(305,701)
Income not subject to tax	115,885	278,004	86,486	–
Pioneer income not subject to tax	–	2,365,778	–	–
Different of tax rate of other jurisdiction*	4,188	–	–	–
Net deferred tax movement not recognised	(260,880)	30,865	–	–
	(113,216)	(38,014)	(74,604)	(7,175)
Over provision in prior year	32,457	3,296	7,175	–
	(80,759)	(34,718)	(67,429)	(7,175)

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

The deferred tax movement not recognised is in respect of temporary difference arising from the following:

	GROUP	
	30.9.2016 RM	30.9.2015 RM
Property, plant and equipment	1,315,000	1,139,000
Provisions	320,000	(171,000)
Unabsorbed capital allowance	(906,000)	–
Unabsorbed tax loss	(848,000)	–
	(119,000)	968,000

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

22. EARNINGS PER SHARE

GROUP

22.1 Basic (loss)/earnings per share

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

	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
(Loss)/Profit attributable to owners of the Company (RM)	<u>(2,735,019)</u>	<u>9,067,033</u>
Weighted average number of ordinary shares of RM0.10 each	<u>438,850,000</u>	<u>354,667,808</u>
Basic (loss)/profit per share (sen)	<u>(0.62)</u>	<u>2.56</u>

The weighted average number of shares takes into account the weighted average effect of the shares as at the end of the reporting period. The weighted average number of shares computed as at 30 September 2015 assumed at 354,667,808 ordinary shares were in issue since the inception of the Group.

22.2 Diluted earnings per share

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

23. SEGMENTAL REPORTING

Business Segments

GROUP

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

23. SEGMENTAL REPORTING (Cont'd)

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	
	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM	30.9.16 RM	30.9.15 RM
Malaysia	7,273,274	11,954,718	18,751,665	18,018,838
Singapore	2,661,482	11,539,775	–	–
China	7,300,374	4,348,251	–	–
United states of America	4,230,810	4,026,330	–	–
Other countries	518,341	722,210	–	–
	21,984,281	32,591,284	18,751,665	18,018,838

Non-current assets information presented above consists of the following items as presented in the Group's statement of financial position.

	30.9.16 RM	30.9.15 RM
Property, plant and equipment	5,065,330	4,332,503
Intangible assets	13,686,335	13,686,335
	18,751,665	18,018,838

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	1.10.15 to 30.9.16 RM	17.10.14 to 30.9.15 RM
All common control companies of:		
- Customer X	5,667,282	17,460,488
- Customer Y	5,481,761	4,359,809
- Customer Z	2,443,764	–

24. RELATED PARTY DISCLOSURES

(a) Related party transaction

There were no related party transactions during the financial year under review.

(b) Compensation of key management personnel

The Group has no other members of key management personnel apart from the executive directors whose compensation has been shown in Note 20.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

25. GOVERNMENT GRANT

The subsidiary of the Group has been granted approval by the Malaysian Investment Development Authority (“MIDA”), vide MIDA’s letter dated 6 June 2013 to receive the following grants under the Domestic Investment Strategic Fund pertaining to the subsidiary’s activity in “Radio Frequency (RF) Semiconductor Tester”:

- (i) a “matching 1:1 research & development grant” up to RM4,387,276, for a period of two (2) years commencing 2013; and
- (ii) a “matching 1:1 training grant” up to RM120,300, for a period of two (2) years commencing 2013.

As at the end of the reporting period, **RM2,701,378** (30.9.15: RM1,645,218) has been disbursed to the subsidiary for research and development purposes.

26. COMMITMENTS

	GROUP	
	30.9.16	30.9.15
	RM	RM
Capital commitments		
Contracted but not provided for:		
- Property, plant and equipment	–	313,834

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as:

- (i) Loans and receivables (“L&R”);
- (ii) Available-for-sale financial assets (“AFS”); and
- (iii) Financial liabilities measured at amortised cost (“FL”).

	Carrying amount			
	RM	L&R RM	AFS RM	FL RM
GROUP				
30.9.16				
Financial assets				
Trade receivables	11,607,501	11,607,501	–	–
Other receivables and refundable deposits	361,152	361,152	–	–
Other investment	22,849,433	–	22,849,433	–
Fixed deposits with licensed banks	1,470,540	1,470,540	–	–
Cash and bank balances	2,437,041	2,437,041	–	–
	38,725,667	15,876,234	22,849,433	–
Financial liabilities				
Trade payables	1,629,611	–	–	1,629,611
Other payables and accruals	1,316,232	–	–	1,316,232
	2,945,843	–	–	2,945,843

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

27. FINANCIAL INSTRUMENTS (Cont'd)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
GROUP (Cont'd)				
30.9.15				
Financial assets				
Trade receivables	9,311,260	9,311,260	–	–
Other receivables and refundable deposits	1,767,548	1,767,548	–	–
Other investment	646,604	–	646,604	–
Fixed deposits with licensed banks	1,434,226	1,434,226	–	–
Cash and bank balances	32,858,982	32,858,982	–	–
	<u>46,018,620</u>	<u>45,372,016</u>	<u>646,604</u>	<u>–</u>
Financial liabilities				
Borrowings	132,981	–	–	132,981
Trade payables	4,004,497	–	–	4,004,497
Other payables and accruals	3,180,455	–	–	3,180,455
	<u>7,317,933</u>	<u>–</u>	<u>–</u>	<u>7,317,933</u>
COMPANY				
30.9.16				
Financial assets				
Other receivable	1,000	1,000	–	–
Amount due from a subsidiary	8,020,866	8,020,866	–	–
Other investment	14,880,333	–	14,880,333	–
Cash and bank balances	132,450	132,450	–	–
	<u>23,034,649</u>	<u>8,154,316</u>	<u>14,880,333</u>	<u>–</u>
Financial liabilities				
Other payables and accruals	<u>199,354</u>	<u>–</u>	<u>–</u>	<u>199,354</u>
30.9.15				
Financial assets				
Other receivable	5,300	5,300	–	–
Amount due from a subsidiary	23,366,105	23,366,105	–	–
Cash and bank balances	2	2	–	–
	<u>23,371,407</u>	<u>23,371,407</u>	<u>–</u>	<u>–</u>
Financial liabilities				
Other payables and accruals	<u>576,417</u>	<u>–</u>	<u>–</u>	<u>576,417</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

27. FINANCIAL INSTRUMENTS (Cont'd)

27.2 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 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.

27.2.1 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 subsidiary.

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 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.

	GROUP	
	30.9.16	30.9.15
	RM	RM
Not past due	5,555,354	5,032,667
1 to 30 days past due	1,400,798	995,201
31 to 60 days past due	103,935	277,583
Past due more than 60 days	4,547,414	3,005,809
	6,052,147	4,278,593
	11,607,501	9,311,260

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 **RM6,052,147** (30.9.15: RM4,278,593) 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** (30.9.15: 4) customers representing **55%** (30.9.15: 57%) 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 their carrying amount in the Company's statement of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

27. FINANCIAL INSTRUMENTS (Cont'd)

27.2 Financial risk management (Cont'd)

27.2.2 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 cashflows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
30.9.16						
Trade payables	1,629,611	1,629,611	1,629,611	–	–	–
Other payables and accruals	1,316,232	1,316,232	1,316,232	–	–	–
	2,945,843	2,945,843	2,945,843	–	–	–
30.9.15						
Interest bearing borrowings	132,981	208,489	13,527	13,426	40,278	141,258
Trade payables	4,004,497	4,004,497	4,004,497	–	–	–
Other payables and accruals	3,180,455	3,180,455	3,180,455	–	–	–
	7,317,933	7,393,441	7,198,479	13,426	40,278	141,258
COMPANY						
30.9.16						
Other payables and accruals	199,354	199,354	199,354	–	–	–
30.9.15						
Other payables and accruals	576,417	576,417	576,417	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

27. FINANCIAL INSTRUMENTS (Cont'd)

27.2 Financial risk management (Cont'd)

27.2.3 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").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

	Denominated in			
	USD RM	SGD RM	TWD RM	OTHERS RM
GROUP				
30.9.16				
Trade receivables	9,537,538	20,082	–	–
Cash and bank balances	1,344,118	182,193	39,452	–
Trade payables	(1,217,546)	–	–	–
Other payables	–	–	(64,384)	–
Net exposure	<u>9,664,110</u>	<u>202,275</u>	<u>(24,932)</u>	<u>–</u>
30.9.15				
Trade receivables	6,471,340	–	–	–
Cash and bank balances	4,619,773	137,403	–	–
Trade payables	(3,275,606)	(3,119)	–	(42,598)
Other payables	(112,872)	–	–	–
Net exposure	<u>7,702,635</u>	<u>134,284</u>	<u>–</u>	<u>(42,598)</u>

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 taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decrease profit before taxation by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP	
	30.9.16 RM	30.9.15 RM
USD	(966,411)	(770,264)
SGD	(20,228)	(13,428)
TWD	2,493	–
Others	–	4,260
Decrease in profit before taxation	<u>(984,146)</u>	<u>(779,432)</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

27. FINANCIAL INSTRUMENTS (Cont'd)

27.3 Fair value information

GROUP AND COMPANY

Other than the other investment 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.

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.

27.3.1 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 RM	Level 2 RM	Level 3 RM	Total RM
GROUP				
30.9.16				
Available-for-sale financial assets				
- Other investment	22,849,433	–	–	22,849,433
30.9.15				
Available-for-sale financial assets				
- Other investment	646,604	–	–	646,604
COMPANY				
30.9.16				
Available-for-sale financial assets				
- Other investment	14,880,333	–	–	14,880,333

The other investment represents 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.

28. 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 make 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. A bank of the subsidiary has imposed a debt covenant whereby the subsidiary's gearing ratio shall not exceed 1 (30.9.15: 1). The subsidiary has not breached this covenant as it is in a net cash position.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

– 30 SEPTEMBER 2016

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Branch office in Taiwan

On 18th November 2015, the subsidiary of the Group, Aemulus Corporation Sdn. Bhd. registered a branch office in Taiwan by the name of "Aemulus Corporation Sdn. Bhd. Taiwan Branch" with a paid up capital of TWD500,000 (approximately RM65,300). The principal activity of the Taiwan branch is to carry out marketing and sale of automated test equipment and test and measurement instruments.

30. COMPARATIVE FIGURES

During the financial year, the other investment of the Group has been determined to be part of cash and cash equivalents since the funds are invested in money market instruments and short-term deposits and subject to minimal risk. As such, the comparative figures of the consolidated statement of cash flows have been amended to conform with current year's presentation.

	Previously stated RM	Reclassification RM	Restated RM
GROUP			
Consolidated statement of cash flows			
Net cash from operating activities	8,088,103	20,629	8,108,732
Cash flows used in investing activities	(2,949,369)	1,708	(2,947,661)
Cash and cash equivalents at beginning	3,930,842	624,267	4,555,109
Cash and cash equivalents at end	32,858,982	646,604	33,505,586

SUPPLEMENTARY INFORMATION

31. DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES

The breakdown of retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad and the Guidance on Special Matter No. 1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants, are as follows:

	GROUP		COMPANY	
	30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
Total retained profits/(accumulated losses) of the Company and its subsidiary				
- Realised	19,013,209	21,924,184	(1,159,654)	(1,201,280)
- Unrealised	320,337	144,381	–	–
Total retained profits/(accumulated losses) as per statements of financial position	19,333,546	22,068,565	(1,159,654)	(1,201,280)

LIST OF PROPERTY

Registered Owner / Location	Date of Acquisition	Description	Tenure	Age of Building (Years)	Build Up Area (Sq.Ft)	Existing Use	Carrying Amount as at 30 September 2016 RM
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 2nd floor of a 5-storey commercial building	Freehold	19	1,049	Rented to third-party	179,900
							179,900

ANALYSIS OF SHAREHOLDINGS

AS AT 13 JANUARY 2017

A.	Authorised Share Capital	:	RM100,000,000.00
	Issued and fully paid-up Share Capital	:	RM43,885,000.00
	Class of Shares	:	Ordinary Shares of RM0.10 each
	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	0	0.000	0	0.000
100 – 1,000	139	5.312	87,200	0.020
1,001 – 10,000	884	33.779	6,180,100	1.408
10,001 – 100,000	1,328	50.745	51,951,500	11.838
100,001 – 21,942,499 (*)	261	9.973	119,664,700	27.268
21,942,500 and above (**)	5	0.191	260,966,500	59.466
Total	2,617	100.000	438,850,000	100.000

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

C. SUBSTANTIAL SHAREHOLDERS

NAME	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	DIRECT	%	INDIRECT	%
NG SANG BENG	78,365,600	17.857	39,288,700 *	8.953
BOMBALAI HILL VENTURES SDN BHD	65,827,500	15.000	–	–
KHAZANAH NASIONAL BERHAD	–	–	65,827,500 #	15.000
YEOH CHEE KEONG	51,174,900	11.661	460,000 ^	0.105
AEMULUS VENTURE SDN BHD	35,375,000	8.061	–	–
BEACH CAPITAL SDN BHD	30,223,500	6.887	–	–
KAN KY-VERN	–	–	30,345,400 @	6.915
KAN AH CHUN	–	–	30,223,500 +	6.887

Notes:

- * Deemed interested by virtue of his shareholdings of not less than 15% in Aemulus Venture Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act") and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- # Deemed to have interest pursuant to Section 6A of the Act through its wholly-owned subsidiary, Bombalai Hill Ventures Sdn Bhd.
- ^ Other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- @ Deemed interested by virtue of being a substantial shareholder of Beach Capital Sdn Bhd pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- + Deemed interested by virtue of his shareholdings of not less than 15% in Beach Capital Sdn Bhd pursuant to Section 6A of the Act.

ANALYSIS OF SHAREHOLDINGS

(Cont'd)

AS AT 13 JANUARY 2017

D. DIRECTORS' SHAREHOLDINGS

NAME	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	DIRECT	%	INDIRECT	%
NG SANG BENG	78,365,600	17.857	39,288,700 *	8.953
YEOH CHEE KEONG	51,174,900	11.661	460,000 ^	0.105
KAN KY-VERN	–	–	30,345,400 @	6.915
WONG SHEE KIAN	14,731,200	3.357	–	–
CHOK KWEE BEE	1,000,000	0.228	–	–
ONG CHONG CHEE	1,100,000	0.251	–	–
FRIISCOR HO CHII SSU	5,519,800	1.258	60,000 ^	0.014
NG CHIN WAH	300,000	0.068	–	–

Notes:

* Deemed interested by virtue of his shareholdings of not less than 15% in Aemulus Venture Sdn Bhd pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.

^ Other interest held through his spouse pursuant to Section 134(12)(c) of the Act.

@ Deemed interested by virtue of being a substantial shareholder of Beach Capital Sdn Bhd pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.

E. THIRTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF
		TOTAL ISSUE CAPITAL
1. NG SANG BENG	78,365,600	17.857
2. BOMBALAI HILL VENTURES SDN BHD	65,827,500	15.000
3. YEOH CHEE KEONG	51,174,900	11.661
4. AEMULUS VENTURE SDN BHD	35,375,000	8.060
5. BEACH CAPITAL SDN. BHD.	30,223,500	6.886
6. WONG SHEE KIAN	14,731,200	3.356
7. TAN AH LOY @ TAN MAY LING	7,000,000	1.595
8. FRIISCOR HO CHII SSU	5,519,800	1.257
9. PONG CHUNG CHENG	3,913,700	0.891
10. LOW BOK SIEW	3,492,600	0.795
11. MOY SHIN FEI	3,272,600	0.745
12. TAN E CHIANG	2,449,000	0.558
13. ONG CHUIN TEIN	2,389,100	0.544
14. ELSOFT RESEARCH BERHAD	2,350,000	0.535
15. TEOH HOAY MING	1,966,300	0.448
16. YONG HUAN YUAN @ YONG SHANG HAU	1,513,100	0.344
17. CHAN SHOOK FUN	1,350,000	0.307
18. TAN TZE SIN	1,240,400	0.282
19. MAH CHEE CHOY	1,100,000	0.250
20. ONG CHONG CHEE	1,100,000	0.250

ANALYSIS OF SHAREHOLDINGS

(Cont'd)

AS AT 13 JANUARY 2017

E. THIRTY LARGEST SHAREHOLDERS (Cont'd)

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUE CAPITAL
21.	CHOK KWEE BEE	1,000,000	0.227
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEOH HOAY MING	994,800	0.226
23.	NG CHU YANG	963,600	0.219
24.	HESTON LLOYD LIM	950,000	0.216
25.	TAN THIAN PAW	950,000	0.216
26.	ONG KENG SENG	900,000	0.205
27.	LIEW YUN KWONG	876,000	0.199
28.	GOH CHEA SIT	869,000	0.198
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA CHIN KUAN (E-BMM)	856,000	0.195
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	800,000	0.182

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of the Company will be held at Ballroom 1 – LG Level, Main Wing, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, Malaysia on Thursday, 23 February 2017 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 2016 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 2017. **Ordinary Resolution 1**
3. To re-elect the following Directors who are retiring in accordance with Article 87 of the Company's Articles of Association:-
 - (i) Mr Kan Ky-Vern **Ordinary Resolution 2**
 - (ii) Ms Chok Kwee Bee **Ordinary Resolution 3**
4. To re-elect Mr Ng Chin Wah who is retiring in accordance with Article 94 of the Company's Articles of Association. **Ordinary Resolution 4**
5. To re-appoint Messrs Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS :

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

ORDINARY RESOLUTION

AUTHORITY TO ISSUE SHARES

"That pursuant to Section 132D of the Companies Act, 1965, 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 issued share capital 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 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. To transact any other business of which due notices shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
TAN SHE CHIA (MAICSA 7055087)
Company Secretaries

Penang

Date : 26 January 2017

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

Notes :

1. Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company, 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.
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 Article 63(2) of the Articles of Association of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 15 February 2017 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 Second Annual General Meeting 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 independent non-executive directors and the role and responsibilities undertaken by the independent non-executive directors for financial year 2017 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 Annual General Meeting for additional fees to meet the shortfall.

Explanatory Notes on Special Business

Resolution 6 – Authority to issue shares

The Ordinary Resolution proposed under item 6 above, 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 issued capital 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 Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the First Annual General Meeting held on 21 March 2016 and which will lapse at the conclusion of the Second Annual General Meeting to be held on 23 February 2017. A renewal of this authority is being sought at the Second Annual General Meeting 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).

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.



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 Second Annual General Meeting of the Company to be held at Ballroom 1 – LG Level, Main Wing, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, Malaysia on Thursday, 23 February 2017 at 10:00 am, and at any adjournment thereof to vote as indicated below:

No. of Resolution	Resolutions	For	Against
1	Approval of payment of Directors' fees for the financial year ending 30 September 2017		
2	Re-election of Mr Kan Ky-Vern as Director		
3	Re-election of Ms Chok Kwee Bee as Director		
4	Re-election of Mr Ng Chin Wah as Director		
5	Re-appointment of Messrs Grant Thornton as Auditors and to authorise the Directors to fix Auditor's remuneration		
6	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		

(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 _____ 2017.

Signature of Member(s)/Common Seal

* Strike out whichever is not desired

Contact No. : _____

Notes :

- Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company, a proxy may but need not be a member of the Company.
- 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.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
- 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.
- 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.
- 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.
- 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 Article 63(2) of the Articles of Association of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 15 February 2017 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.
- All resolutions as set out in this notice of Second Annual General Meeting are to be voted by poll.

fold here

fold 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

1C-06-02, One Precinct, Lengkok Mayang Pasir, 11950 Penang.
Tel 604 - 6846 000 Fax 604 - 6466 799

www.aemulus.com