

## 12. ACCOUNTANTS' REPORT



**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
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Date: 3 July 2023

The Board of Directors  
**GLOSTREXT BERHAD**  
No. 11A, Jalan Apollo U5/194,  
Bandar Pinggiran Subang, Seksyen U5,  
40150 Shah Alam, Selangor.

Dear Sirs/Madams,

### REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF GLOSTREXT BERHAD ("GLOSTREXT" OR "COMPANY")

#### OPINION

We have audited the financial information contained in the Accountants' Report of Glostrex Berhad ("Glostrex" or "The Company"), which is the following:-

- (i) For the financial years ended ("FYE") 31 March 2020, 2021 and 2022  
The combined financial statements of Glostrex and its combining entity, Spectest Sdn. Bhd. ("Spectest") and its subsidiaries ("Spectest Group") (collectively Glostrex and Spectest Group are referred to as "Glostrex Group" or "the Group"), which comprise the combined statements of financial position as at 31 March 2020, 2021 and 2022 of the Group and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 March 2020, 2021 and 2022;
- (ii) For the financial year ended 31 March 2023  
The consolidated financial statements of Glostrex, which comprise the consolidated statement of financial position as at 31 March 2023 of the Group and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 March 2023; and
- (iii) notes to the combined and consolidated financial statements, including a summary of significant accounting policies, as set out in pages 5 to 93.

The historical financial information has been prepared for inclusion in the prospectus of Glostrex in connection with the listing and quotation of the entire enlarged issued ordinary shares of Glostrex on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division I: Equity of the Prospectus Guidelines and for no other purpose.

## 12. ACCOUNTANTS' REPORT (Cont'd)



### OPINION (CONT'D)

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 March 2020, 2021, 2022 and 2023 and of its financial performance and cash flows for the financial years ended 31 March 2020, 2021, 2022 and 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### BASIS FOR OPINION

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

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

### DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information of the Group that are free from material misstatement, whether due to fraud or error.

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

### REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

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

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**RESTRICTION ON DISTRIBUTION AND USE**

Our report has been prepared for inclusion in the prospectus of Glostrext in connection with the listing and quotation of the entire enlarged issued ordinary shares in Glostrext on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

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**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

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**Chua Wai Hong**  
02974/09/2023 J  
Chartered Accountant

Kuala Lumpur

3 July 2023

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	Audited As at 31 March			
		2020 RM	2021 RM	2022 RM	2023 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	13,652,382	14,327,435	14,992,176	15,138,051
Investment properties	6	9,893,550	9,700,768	9,486,417	8,632,042
Right-of-use assets	7	1,765,486	1,625,974	1,404,655	1,418,863
Deferred tax asset	8	-	121,000	43,600	43,600
		25,311,418	25,775,177	25,926,848	25,232,556
<b>CURRENT ASSETS</b>					
Inventories	9	1,611,179	2,184,802	2,531,149	3,141,868
Trade receivables	10	7,413,009	6,400,938	5,224,635	7,403,339
Other receivables, deposits and prepayments	11	169,495	160,432	754,448	2,315,723
Contract assets	12	463,393	496,546	816,944	1,384,950
Current tax assets		23,908	-	320,213	303,593
Cash and bank balances		4,291,869	5,572,327	7,820,158	6,597,316
		13,972,853	14,815,045	17,467,547	21,146,789
<b>TOTAL ASSETS</b>		39,284,271	40,590,222	43,394,395	46,379,345

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	Audited As at 31 March			
		2020 RM	2021 RM	2022 RM	2023 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	13(a)	-	-	20	30,121,100
Invested equity	13(b)	1,000,000	1,000,000	2,590,903	-
Foreign exchange translation reserve	14(a)	(104,996)	118,321	152,646	1,132,173
Restructuring reserve	14(b)	-	-	-	(27,530,177)
Retained profits		21,941,662	23,181,989	27,375,686	31,490,441
Equity attributable to owners of the Company		22,836,666	24,300,310	30,119,255	35,213,537
Non-controlling interests	15	915,619	1,037,271	-	-
<b>TOTAL EQUITY</b>		<b>23,752,285</b>	<b>25,337,581</b>	<b>30,119,255</b>	<b>35,213,537</b>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	16	188,390	177,889	64,619	52,461
Term loans	17	12,295,213	12,001,010	8,957,729	8,531,257
Deferred tax liability	8	215,525	120,716	127,751	171,991
		12,699,128	12,299,615	9,150,099	8,755,709
<b>CURRENT LIABILITIES</b>					
Trade payables	18	711,205	1,161,861	476,841	663,498
Other payables and accruals	19	171,039	254,428	419,844	628,193
Lease liabilities	16	118,218	211,683	111,338	121,325
Term loans	17	646,445	732,810	1,872,035	497,248
Bank overdrafts	20	122,961	203,309	-	-
Current tax liabilities		1,062,990	388,935	1,244,983	499,835
		2,832,858	2,953,026	4,125,041	2,410,099
<b>TOTAL LIABILITIES</b>		<b>15,531,986</b>	<b>15,252,641</b>	<b>13,275,140</b>	<b>11,165,808</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,284,271</b>	<b>40,590,222</b>	<b>43,394,395</b>	<b>46,379,345</b>

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Audited ←----- FYE 31 March ----->			
		2020 RM	2021 RM	2022 RM	2023 RM
REVENUE	21	23,963,188	16,966,260	26,574,265	21,615,779
COST OF SALES		(11,643,992)	(9,105,497)	(12,515,746)	(10,421,418)
GROSS PROFIT		12,319,196	7,860,763	14,058,519	11,194,361
OTHER INCOME		634,779	2,145,123	786,395	1,279,745
		12,953,975	10,005,886	14,844,914	12,474,106
ADMINISTRATIVE EXPENSES		(5,205,950)	(4,661,938)	(5,190,496)	(6,244,160)
OTHER EXPENSES		(1,027,918)	(1,098,831)	(1,142,657)	(1,123,926)
FINANCE COSTS		(498,688)	(417,143)	(417,991)	(373,887)
NET (IMPAIRMENT LOSSES)/ REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	22	(877,031)	(707,242)	401,502	286,067
PROFIT BEFORE TAXATION	23	5,344,388	3,120,732	8,495,272	5,018,200
INCOME TAX EXPENSE	24	(917,286)	(726,370)	(1,157,374)	(903,445)
PROFIT AFTER TAXATION		4,427,102	2,394,362	7,337,898	4,114,755
OTHER COMPREHENSIVE (EXPENSES)/ INCOME		(112,779)	245,272	20,153	979,527
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		4,314,323	2,639,634	7,358,051	5,094,282

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

Note	Audited ←----- FYE 31 March ----->			
	2020 RM	2021 RM	2022 RM	2023 RM
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Company	4,086,192	2,240,327	6,761,850	4,114,755
Non-controlling interests	340,910	154,035	576,048	-
	<u>4,427,102</u>	<u>2,394,362</u>	<u>7,337,898</u>	<u>4,114,755</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
Owners of the Company	3,981,196	2,463,644	6,782,003	5,094,282
Non-controlling interests	333,127	175,990	576,048	-
	<u>4,314,323</u>	<u>2,639,634</u>	<u>7,358,051</u>	<u>5,094,282</u>
<b>EARNINGS PER SHARE (SEN)</b>				
Based on issuance of shares of the Company at the respective FYE:	25			
- Basic	409	224	674	15
- Diluted	409	224	674	15
	<u>409</u>	<u>224</u>	<u>674</u>	<u>15</u>
Based on new issuance of shares issued upon acquisition of Spectest in FYE 31 March 2023:				
- Basic	1.36	0.74	2.24	1.37
- Diluted	1.36	0.74	2.24	1.37
	<u>1.36</u>	<u>0.74</u>	<u>2.24</u>	<u>1.37</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Note	Share Capital RM	Invested Equity RM	Non- Distributable Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 1.4.2019		-	1,000,000	-	18,355,470	19,355,470	882,096	20,237,566
Profit after taxation for the financial year		-	-	-	4,086,192	4,086,192	340,910	4,427,102
Other comprehensive expenses for the financial year:								
- Foreign currency translation differences		-	-	(104,996)	-	(104,996)	(7,783)	(112,779)
Total comprehensive income for the financial year		-	-	(104,996)	4,086,192	3,981,196	333,127	4,314,323
Distributions to owners of the Company:								
- Dividends:								
- by Spectest	26	-	-	-	(500,000)	(500,000)	-	(500,000)
- by Glostrex Singapore to non-controlling interests		-	-	-	-	-	(299,604)	(299,604)
Balance at 31.3.2020		-	1,000,000	(104,996)	21,941,662	22,836,666	915,619	23,752,285

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

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**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

	Note	Share Capital RM	Invested Equity RM	Non- Distributable Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.3.2020/1.4.2020		-	1,000,000	(104,996)	21,941,662	22,836,666	915,619	23,752,285
Profit after taxation for the financial year		-	-	-	2,240,327	2,240,327	154,035	2,394,362
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	223,317	-	223,317	21,955	245,272
Total comprehensive income for the financial year		-	-	223,317	2,240,327	2,463,644	175,990	2,639,634
Distributions to owners of the Company:								
- Dividends:								
- by Spectest	26	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
- by Glostrex Singapore to non-controlling interests		-	-	-	-	-	(54,338)	(54,338)
Balance at 31.3.2021		-	1,000,000	118,321	23,181,989	24,300,310	1,037,271	25,337,581

**12. ACCOUNTANTS' REPORT (Cont'd)**
**GLOSTREXT BERHAD**
**COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

	Note	Share Capital RM	Invested Equity RM	Non- Distributable Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
Balance at 31.3.2021/1.4.2021		-	1,000,000	118,321	23,181,989	24,300,310	1,037,271	25,337,581
Profit after taxation for the financial year		-	-	-	6,761,850	6,761,850	576,048	7,337,898
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	20,153	-	20,153	-	20,153
Total comprehensive income for the financial year		-	-	20,153	6,761,850	6,782,003	576,048	7,358,051
Contributions by and distributions to owners of the Company:								
- Issuance of shares		20	1,590,903	-	-	1,590,923	-	1,590,923
- Dividends:								
- by Spectest	26	-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
- by Glostrex Singapore to non-controlling interests		-	-	-	-	-	(414,402)	(414,402)
Changes in a subsidiary's ownership interests		-	-	14,172	(68,153)	(53,981)	(1,198,917)	(1,252,898)
Balance at 31.3.2022		20	2,590,903	152,646	27,375,686	30,119,255	-	30,119,255

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

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**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

	Note	Share Capital RM	Invested Equity RM	Non-Distributable		Distributable		Non-controlling Interests RM	Total Equity RM
				Foreign Exchange Translation Reserve RM	Restructuring Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM		
Balance at 31.3.2022/1.4.2022		20	2,590,903	152,646	-	27,375,686	30,119,255	-	30,119,255
Profit after taxation for the financial year		-	-	-	-	4,114,755	4,114,755	-	4,114,755
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	979,527	-	-	979,527	-	979,527
Total comprehensive income for the financial year		-	-	979,527	-	4,114,755	5,094,282	-	5,094,282
Contributions by owners of the Company:									
- Issuance of shares		30,121,080	(2,590,903)	-	(27,530,177)	-	-	-	-
Balance at 31.3.2023		30,121,100	-	1,132,173	(27,530,177)	31,490,441	35,213,537	-	35,213,537

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

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREX BERHAD**

**COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	Audited FYE 31 March			
		2020 RM	2021 RM	2022 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		5,344,388	3,120,732	8,495,272	5,018,200
Adjustments for:-					
Depreciation of:					
- property, plant and equipment		1,230,717	1,214,773	1,342,343	1,501,136
- investment properties		255,587	222,207	222,955	213,232
- right-of-use assets		111,806	197,289	221,938	227,429
Impairment losses on trade receivables		1,056,140	890,959	357,841	111,572
Interest expense on financial liabilities that are not at fair value through profit or loss:					
- bank overdrafts		25,712	4,258	1,580	-
- term loans		460,135	401,591	405,005	361,759
Interest expense on lease liabilities		12,841	11,294	11,406	12,128
Property, plant and equipment written off		62,329	139,862	105,842	12,634
Unrealised loss/(gain) on foreign exchange		9,536	6,748	(11,957)	(585)
Gain on disposal of property, plant and equipment		(137,171)	(1,238,274)	-	(53,218)
Gain on disposal of Investment property		-	-	-	(673,118)
Reversal of impairment losses on trade receivables		(179,109)	(183,717)	(759,343)	(383,107)
Operating profit before working capital changes carried forward		8,252,911	4,787,722	10,392,882	6,348,062

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Audited			
	←----- FYE 31 March ----->			
Note	2020 RM	2021 RM	2022 RM	2023 RM
Operating profit before working capital changes brought forward	8,252,911	4,787,722	10,392,882	6,348,062
Increase in inventories	(12,481)	(556,185)	(342,698)	(569,907)
Decrease/(Increase) in contract assets	1,096,528	(22,744)	(316,993)	(520,060)
Decrease/(Increase) in trade and other receivables	610,873	411,129	1,012,458	(3,192,555)
(Decrease)/Increase in trade and other payables	(3,443,096)	511,786	(510,231)	367,199
<b>CASH FROM OPERATIONS</b>	<b>6,504,735</b>	<b>5,131,708</b>	<b>10,235,418</b>	<b>2,432,739</b>
Net income tax paid	(1,230,701)	(1,612,126)	(543,194)	(1,659,376)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,274,034</b>	<b>3,519,582</b>	<b>9,692,224</b>	<b>773,363</b>
<b>CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property plant and equipment	223,421	1,702,658	-	85,804
Proceeds from disposal of investment property	-	-	-	1,870,258
Purchase of property, plant and equipment	(5,043,070)	(2,231,702)	(2,073,890)	(1,809,203)
Purchase of investment property	(1,428,524)	-	-	-
Purchase of right-of-use asset	(61,456)	-	-	-
<b>NET CASH (FOR)/ FROM INVESTING ACTIVITIES</b>	<b>(6,309,629)</b>	<b>(529,044)</b>	<b>(2,073,890)</b>	<b>146,859</b>

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	Audited ←----- FYE 31 March ----->			
		2020 RM	2021 RM	2022 RM	2023 RM
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Proceeds from issuance of ordinary shares		-	-	338,025	-
Dividend paid		(799,604)	(1,054,338)	(2,914,402)	-
Drawdown of term loan	27(b)	5,933,112	-	-	-
Interest paid		(498,688)	(417,143)	(417,991)	(373,887)
Repayment to directors	27(b)	(759,900)	-	-	-
Repayment of lease liabilities	27(b)	(183,623)	(103,602)	(214,290)	(244,162)
Repayment of term loans	27(b)	(459,805)	(275,592)	(1,918,912)	(1,859,612)
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<u>3,231,492</u>	<u>(1,850,675)</u>	<u>(5,127,570)</u>	<u>(2,477,661)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		2,195,897	1,139,863	2,490,764	(1,557,439)
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		(44,154)	60,247	(39,624)	334,597
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<u>2,017,165</u>	<u>4,168,908</u>	<u>5,369,018</u>	<u>7,820,158</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	27(d)	<u>4,168,908</u>	<u>5,369,018</u>	<u>7,820,158</u>	<u>6,597,316</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****1. ABBREVIATIONS**

Unless the context otherwise requires, the following information shall apply throughout this report:

**Abbreviations**

Acquisition of Spectest	:	Acquisition by Glostrex of the entire share capital of Spectest from the Vendors for a purchase consideration of RM30,121,080 which was wholly satisfied by the issuance of 301,210,800 new Shares at an issue price of RM0.10 per Share.  The Acquisition of Spectest was completed on 28 February 2023 and resulted in Spectest becoming wholly-owned subsidiary of Glostrex
FYE(s)	:	Financial year(s) ended 31 March
Glostrex or Company	:	Glostrex Berhad (Registration No. 202201005343 (1451040-T))
Glostrex Group or Group	:	Glostrex and its subsidiaries, collectively
Glostrex Singapore	:	Glostrex Technology (S) Pte Ltd (Registration No. 200905332R), a wholly-owned subsidiary of Glostrex Technology
Glostrex Technology	:	Glostrex Technology Sdn Bhd (Registration No. 200401011370 (649873-V)), a wholly-owned subsidiary of Spectest
NA	:	Net assets
RM and Sen	:	Ringgit Malaysia and sen, respectively
Shares or Glostrex Shares	:	Ordinary shares in Glostrex
Spectest	:	Spectest Sdn Bhd (Registration No. 199201005428 (236932-K)), a wholly-owned subsidiary of Glostrex
Vendors	:	Collectively, Ir Dr Lee Sieng Kai, Tan Ah Huat, Li Haigang, Chia Meng Hua, Aniza Binti Md Din and Tan Chze Keong



**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**2. GENERAL INFORMATION**

Glostrext Sdn. Bhd. was incorporated in Malaysia under the Companies Act 2016 on 15 February 2022 as a private limited company to facilitate the proposed initial public offering. Subsequently on 29 July 2022, the Company was converted to a public limited company under the name of Glostrext Berhad.

The registered office and principal place of business are as follows:-

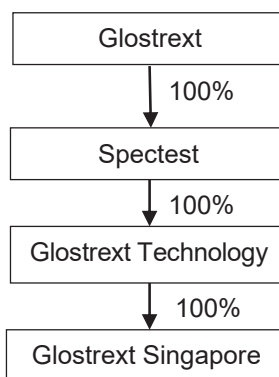
Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	:	No. 11A, Jalan Apollo U5/194, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor.

For the purpose of listing the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook the Acquisition of Spectest. On 28 July 2022, the Company entered into a conditional Share Sale Agreement with the Vendors to acquire the entire equity interest in Spectest for a total purchase consideration of RM30,121,080.

The total purchase consideration of RM30,121,080 for the Acquisition of Spectest was arrived at after taking into consideration the audited NA of Spectest as at 31 March 2022 amounting to RM30,121,325 and shall be satisfied by the issuance of 301,210,800 new Shares to the Vendors at an issue price of RM0.10 per share.

The Acquisition of Spectest was completed on 28 February 2023 and resulted in Spectest becoming wholly-owned subsidiary of Glostrext.

The group structure as at 31 March 2023 is as follows:-



**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**2. GENERAL INFORMATION (CONT'D)**

The principal activity of Glostrex is investment holding. The details of the combining entities/subsidiaries are disclosed as follows:-

Name of Combining Entities/ Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent				Principal Activities
		<----- As at 31 March ----->				
		2020 %	2021 %	2022 %	2023 %	
Spectest	Malaysia	100	100	100	100	Provision of structural and ground instrumentation and monitoring services.
Glostrex Technology	Malaysia	100	100	100	100	Provision of pile instrumentation and static load test services.
Glostrex Singapore@	Singapore	91	91	100	100	Provision of pile instrumentation and static load test services.

@ This combining entity/subsidiary was audited by member firm of Crowe Global of which Crowe Malaysia PLT is a member.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. BASIS OF PREPARATION**

For the FYE 31 March 2020, 2021 and 2022

As the Group has not been in place as at 31 March 2022, there are no consolidated financial statements of the Group for the FYE 31 March 2020, 2021 and 2022.

For the purpose of inclusion in the prospectus of Glostrex in connection with the listing and quotation of the entire enlarged issued share capital of Glostrex on the ACE Market of Bursa Malaysia Securities Berhad, the Group prepared the combined financial statements comprise the combined statements of financial position as at 31 March 2020, 2021 and 2022 of the Group and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the FYE 31 March 2020, 2021 and 2022.

The combined financial statements is a continuation of the acquired entity and the assets and liabilities of the acquired entity are stated at their existing carrying value amounts. No amount is recognised in respect of goodwill or bargain purchase at the time of common control combination. The components of equity of the acquired entity are added to the same components within the Group equity and any difference in share capital is recognised as an adjustment to equity.

The financial information as prepared in the combined financial statements may not correspond with the consolidated financial statements of the Group after incorporating or effecting the relevant acquisitions, as the combined financial statements reflect business combinations under common control for the purpose of listing the Company on the ACE Market of Bursa Malaysia Securities Berhad. Such financial information from the combined financial statements does not purport to predict the financial positions, results of operation and cash flows of the Group.

The combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years as follows:-

<b>Entities Under Common Control</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
Glostrex	*	*	✓, ^
Spectest Group	✓, @	✓, ^	✓, ^

✓ *The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years.*

\* *No financial statements are available for Glostrex as the Company was incorporated on 15 February 2022.*

@ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were re-audited by Crowe Malaysia PLT and in compliance with Malaysia Financial Reporting Standards and International Financial Reporting Standards, for the purpose of inclusion into the combined financial statements of the Group.*

^ *The combined financial statements of the Group for the financial year have been prepared based on the audited financial statements which were audited by Crowe Malaysia PLT for the purpose of inclusion into the combined financial statements of the Group.*

The audited financial statements of all the combining entities were not subject to any modified audit opinions.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**3. BASIS OF PREPARATION (CONT'D)**

For the FYE 31 March 2023

On 28 July 2022, Glostrex entered into a conditional share sale agreement with the Vendors to acquire the entire equity interest in Spectest for a total purchase consideration of RM30,121,080.

The total purchase consideration of RM30,121,080 for the Acquisition of Spectest was arrived at after taking into consideration the audited NA of Spectest as at 31 March 2022 amounting to RM30,121,325 and shall be satisfied by the issuance of 301,210,800 new Shares to the Vendors at an issue price of RM0.10 per share.

The Acquisition of Spectest was completed on 28 February 2023 and consolidated using merger method of accounting for the FYE 31 March 2023.

The combined and consolidated financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Prospectus Guidelines.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's combined and consolidated financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. BASIS OF PREPARATION (CONT'D)**

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial years under review:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined and consolidated financial statements of the Group upon their initial application.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

**(b) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 10 and 12 to the financial statements respectively.

**(c) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

**(d) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the financial statements.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

**4.2 BASIS OF COMBINATION AND CONSOLIDATION**

**(a) Combining Entities**

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated.

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

The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities' are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity. The accounting policies of combining entities have been changed where necessary to align them with the policies adopted by the Group.

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have de facto power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

**(b) Consolidated financial statements**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.2 BASIS OF COMBINATION AND CONSOLIDATION (CONT'D)**

**(c) Subsidiaries**

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

**(d) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

**(e) Acquisition from Entities Under Common Control**

Businesses that were transferred from common controlling shareholders under the internal group reorganisation are accounted for using the pooling-of-interests method of accounting as the reorganisation is deemed as a common control transaction.

Under the pooling-of-interests method of accounting, assets and liabilities transferred are measured at the carrying amounts recognised in the statement of financial position prior to the reorganisation. The difference between the consideration transferred and the carrying amounts of the assets and liabilities transferred are taken to equity.



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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.2 BASIS OF COMBINATION AND CONSOLIDATION (CONT'D)**

**(f) Non-controlling Interests**

Non-controlling interests are presented within equity in the combined and consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**(g) Changes in Ownership Interest in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

**(h) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**4.3 FUNCTIONAL AND PRESENTATION CURRENCY**

**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The combined and consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 FUNCTIONAL AND PRESENTATION CURRENCY (CONT'D)****(b) Foreign Currency Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

**(c) Foreign Operations**

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the combined and consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments***(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.4 FINANCIAL INSTRUMENTS (CONT'D)

**(a) Financial Assets (Cont'd)**

*Debt Instruments (Cont'd)*

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

*Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

**(b) Financial Liabilities**

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.4 FINANCIAL INSTRUMENTS (CONT'D)

**(b) Financial Liabilities (Cont'd)**

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

**(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transactions costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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 expires. 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.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

**4.6 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	36 - 50 years
Furniture and fittings	20%
Motor vehicles	10% - 50%
Office equipment	20%
Plant and machinery	10% - 20%
Renovation	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.6 PROPERTY, PLAN AND EQUIPMENT (CONT'D)**

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

**4.7 INVESTMENT PROPERTIES**

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are as follows:-

Leasehold land	50 - 80 years
Buildings	27 - 50 years

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.8 LEASES**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are as follows:-

Leasehold land	76 years
Motor vehicles	20%
Office premise	2 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

**4.9 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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



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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.10 CONTRACT ASSET AND CONTRACT LIABILITY**

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

**4.11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**4.12 IMPAIRMENT**

**(a) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.12 IMPAIRMENT (CONT'D)****(a) Impairment of Financial Assets (Cont'd)**

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

**(b) Impairment of Non-financial Assets**

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**4.13 EMPLOYEE BENEFITS****(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.14 INCOME TAXES

**(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

**(b) Deferred Tax**

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues 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 to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.16 EARNINGS PER ORDINARY SHARE**

Basic earnings per ordinary share is calculated by dividing the combined and consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined and consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**4.17 BORROWING COSTS**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**4.18 FAIR VALUE MEASUREMENTS**

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

**(a) Rendering of pile instrumentation and static load test services**

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

**(b) Rendering of structural and ground instrumentation and monitoring services**

Revenue is recognised over time in the period in which the services are rendered.

**(c) Rental of calibrated instruments**

Revenue is recognised over time in the period in which the services are rendered.

4.20 OTHER OPERATING INCOME

**(a) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

**(b) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

**(c) Rental Income**

Rental income is accounted for on a straight-line method over the lease term.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREX BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT**

	At 1.4.2019 RM	Additions RM	Transfer from Investment Property RM	Written Off RM	Disposals RM	Depreciation Charges RM	Foreign Exchange Differences RM	At 31.3.2020 RM
<b>FYE 2020</b>								
<i>Carrying Amount</i>								
Freehold land	368,661	-	-	-	-	-	-	368,661
Buildings	5,031,780	2,665,674	2,253,452	-	-	(186,221)	(11,203)	9,753,482
Furniture and fittings	2,409	-	-	-	-	(2,256)	-	153
Motor vehicles	479,278	99,500	-	-	-	(266,484)	(259)	312,035
Office equipment	77,999	73,080	-	-	-	(37,193)	(405)	113,481
Plant and machinery	1,773,167	829,159	-	(62,329)	(86,250)	(720,081)	(4,873)	1,728,793
Renovation	20,482	410,215	-	-	-	(18,482)	(1,880)	410,335
Capital work-in-progress	-	965,442	-	-	-	-	-	965,442
	<b>7,753,776</b>	<b>5,043,070</b>	<b>2,253,452</b>	<b>(62,329)</b>	<b>(86,250)</b>	<b>(1,230,717)</b>	<b>(18,620)</b>	<b>13,652,382</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At 1.4.2020 RM	Additions RM	Reclassification RM	Written Off RM	Disposals RM	Depreciation Charges RM	Foreign Exchange Differences RM	At 31.3.2021 RM
<b>FYE 2021</b>								
<i>Carrying Amount</i>								
Freehold land	368,661	-	-	-	-	-	-	368,661
Buildings	9,753,482	802,259	965,442	-	(333,819)	(256,716)	112,947	11,043,595
Furniture and fittings	153	445,662	-	-	-	(43,411)	-	402,404
Motor vehicles	312,035	36,587	-	-	-	(126,534)	498	222,586
Office equipment	113,481	154,588	-	(220)	(1,860)	(53,658)	1,564	213,895
Plant and machinery	1,728,793	792,606	-	(139,642)	-	(642,807)	9,823	1,748,773
Renovation	410,335	-	-	-	-	(91,647)	8,833	327,521
Capital work-in-progress	965,442	-	(965,442)	-	-	-	-	-
	13,652,382	2,231,702	-	(139,862)	(335,679)	(1,214,773)	133,665	14,327,435

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At 1.4.2021 RM	Additions RM	Written Off RM	Depreciation Charges RM	Foreign Exchange Differences RM	At 31.3.2022 RM
<b>FYE 2022</b>						
<i>Carrying Amount</i>						
Freehold land	368,661	-	-	-	-	368,661
Buildings	11,043,595	515,000	-	(278,904)	33,605	11,313,296
Furniture and fittings	402,404	9,867	-	(90,234)	-	322,037
Motor vehicles	222,586	-	-	(88,552)	206	134,240
Office equipment	213,895	58,356	-	(66,454)	482	206,279
Plant and machinery	1,748,773	1,360,541	(105,842)	(723,121)	2,669	2,283,020
Renovation	327,521	130,126	-	(95,078)	2,074	364,643
	<b>14,327,435</b>	<b>2,073,890</b>	<b>(105,842)</b>	<b>(1,342,343)</b>	<b>39,036</b>	<b>14,992,176</b>



**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At 1.4.2022 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charges RM	Transfer to Investment Property RM	Foreign Exchange Differences RM	At 31.3.2023 RM
<b>FYE 2023</b>								
<i>Carrying Amount</i>								
Freehold land	368,661	-	-	-	-	-	-	368,661
Buildings	11,313,296	-	-	-	(290,716)	(504,700)	321,646	10,839,526
Furniture and fittings	322,037	17,245	-	-	(92,223)	-	-	247,059
Motor vehicles	134,240	595,420	(23,281)	-	(112,361)	-	14,850	608,868
Office equipment	206,279	161,073	-	-	(83,121)	-	5,094	289,325
Plant and machinery	2,283,020	1,035,465	(9,305)	(12,634)	(820,556)	-	30,655	2,506,645
Renovation	364,643	-	-	-	(102,159)	-	15,483	277,967
	14,992,176	1,809,203	(32,586)	(12,634)	(1,501,136)	(504,700)	387,728	15,138,051

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>At 31 March 2020</b>			
Freehold land	368,661	-	368,661
Buildings	10,386,501	(633,019)	9,753,482
Furniture and fittings	88,050	(87,897)	153
Motor vehicles	958,474	(646,439)	312,035
Office equipment	435,066	(321,585)	113,481
Plant and machinery	7,049,945	(5,321,152)	1,728,793
Renovation	517,929	(107,594)	410,335
Capital work-in-progress	965,442	-	965,442
	<b>20,770,068</b>	<b>(7,117,686)</b>	<b>13,652,382</b>
<b>At 31 March 2021</b>			
Freehold land	368,661	-	368,661
Buildings	11,760,108	(716,513)	11,043,595
Furniture and fittings	485,093	(82,689)	402,404
Motor vehicles	997,336	(774,750)	222,586
Office equipment	542,953	(329,058)	213,895
Plant and machinery	7,694,530	(5,945,757)	1,748,773
Renovation	501,092	(173,571)	327,521
	<b>22,349,773</b>	<b>(8,022,338)</b>	<b>14,327,435</b>
<b>At 31 March 2022</b>			
Freehold land	368,661	-	368,661
Buildings	12,311,204	(997,908)	11,313,296
Furniture and fittings	494,960	(172,923)	322,037
Motor vehicles	998,190	(863,950)	134,240
Office equipment	594,305	(388,026)	206,279
Plant and machinery	8,495,101	(6,212,081)	2,283,020
Renovation	634,819	(270,176)	364,643
	<b>23,897,240</b>	<b>(8,905,064)</b>	<b>14,992,176</b>

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>At 31 March 2023</b>			
Freehold land	368,661	-	368,661
Buildings	12,151,234	(1,311,708)	10,839,526
Furniture and fittings	506,782	(259,723)	247,059
Motor vehicles	1,487,529	(878,661)	608,868
Office equipment	752,725	(463,400)	289,325
Plant and machinery	9,081,543	(6,574,898)	2,506,645
Renovation	660,199	(382,232)	277,967
	<u>25,008,673</u>	<u>(9,870,622)</u>	<u>15,138,051</u>

The freehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 17 and 20 to the financial statements.

**6. INVESTMENT PROPERTIES**

	<b>Audited</b>			
	←----- FYE 31 March ----->			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Cost:-				
At 1.4.2019/2020/ 2021/2022	11,378,955	10,461,935	10,497,607	10,508,564
Additions	1,428,524	-	-	-
Disposal	-	-	-	(1,621,126)
Transfer (to)/from property, plant and equipment	(2,312,330)	-	-	515,000
Foreign exchange differences	(33,214)	35,672	10,957	66,954
At 31.3.2020/2021/ 2022/2023	<u>10,461,935</u>	<u>10,497,607</u>	<u>10,508,564</u>	<u>9,469,392</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREX BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****6. INVESTMENT PROPERTIES (CONT'D)**

	Audited FYE 31 March			
	2020 RM	2021 RM	2022 RM	2023 RM
Accumulated depreciation:-				
At 1.4.2019/2020/2021/2022	(373,856)	(568,385)	(796,839)	(1,022,147)
Depreciation during the financial year	(255,587)	(222,207)	(222,955)	(213,232)
Disposal	-	-	-	423,986
Transfer to/(from) property, plant and equipment	58,878	-	-	(10,300)
Foreign exchange differences	2,180	(6,247)	(2,353)	(15,657)
At 31.3.2020/2021/2022/2023	(568,385)	(796,839)	(1,022,147)	(837,350)
	<u>9,893,550</u>	<u>9,700,768</u>	<u>9,486,417</u>	<u>8,632,042</u>
Represented by:-				
Leasehold land	2,179,841	2,148,392	2,116,944	2,085,495
Buildings	7,713,709	7,552,376	7,369,473	6,546,547
	<u>9,893,550</u>	<u>9,700,768</u>	<u>9,486,417</u>	<u>8,632,042</u>
Fair value	<u>9,969,321</u>	<u>9,969,321</u>	<u>10,660,000</u>	<u>9,875,000</u>

The leasehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

- (a) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by the management. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**7. RIGHT-OF-USE ASSETS**

	At 1.4.2019 RM	Addition RM	Depreciation Charges RM	At 31.3.2020 RM
<b>FYE 2020</b>				
<i>Carrying Amount</i>				
Leasehold land	1,375,556	-	(18,476)	1,357,080
Motor vehicles	309,380	192,356	(93,330)	408,406
	<u>1,684,936</u>	<u>192,356</u>	<u>(111,806)</u>	<u>1,765,486</u>

	At 1.4.2020 RM	Addition RM	Disposals RM	Depreciation Charges RM	Foreign Exchange Differences RM	At 31.3.2021 RM
<b>FYE 2021</b>						
<i>Carrying Amount</i>						
Leasehold land	1,357,080	-	(128,705)	(17,876)	-	1,210,499
Motor vehicles	408,406	-	-	(125,389)	-	283,017
Worker accommodation	-	185,228	-	(54,024)	1,254	132,458
	<u>1,765,486</u>	<u>185,228</u>	<u>(128,705)</u>	<u>(197,289)</u>	<u>1,254</u>	<u>1,625,974</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**7. RIGHT-OF-USE ASSETS (CONT'D)**

	At 1.4.2021 RM	Depreciation Charges RM	Foreign Exchange Differences RM	At 31.3.2022 RM
<b>FYE 2022</b>				
<i>Carrying Amount</i>				
Leasehold land	1,210,499	(16,677)	-	1,193,822
Motor vehicles	283,017	(111,418)	-	171,599
Worker accommodation	132,458	(93,843)	619	39,234
	1,625,974	(221,938)	619	1,404,655

	At 1.4.2022 RM	Modification of Lease Liabilities RM	Depreciation Charges RM	Foreign Exchange Differences RM	At 31.3.2023 RM
<b>FYE 2023</b>					
<i>Carrying Amount</i>					
Leasehold land	1,193,822	-	(16,678)	-	1,177,144
Motor vehicles	171,599	-	(101,069)	-	70,530
Worker accommodation	39,234	235,742	(109,682)	5,895	171,189
	1,404,655	235,742	(227,429)	5,895	1,418,863

- (a) The Group has lease contracts for leasehold land, office premises, and motor vehicles used in its operations. Their lease terms are as below:-

	<b>Audited</b>			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
Leasehold land	99 years	99 years	99 years	99 years
Worker accommodation	2 years	2 years	2 years	2 years
Motor vehicle	5 years	5 years	5 years	5 years

- (b) The Group has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**7. RIGHT-OF-USE ASSETS (CONT'D)**

- (c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- (d) The Group has leased its motor vehicles under hire purchase arrangements. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (e) The leasehold land of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

**8. DEFERRED TAX ASSET/(LIABILITY)**

	<b>Audited</b>			
	<----- FYE 31 March ----->			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
At 1.4.2019/2020/ 2021/2022	(213,001)	(215,525)	284	(84,151)
Recognised in profit or loss	(3,600)	218,270	(83,918)	(38,505)
Foreign exchange differences	1,076	(2,461)	(517)	(5,735)
	<u>(215,525)</u>	<u>284</u>	<u>(84,151)</u>	<u>(128,391)</u>
At 31.3.2020/2021/ 2022/2023	(215,525)	284	(84,151)	(128,391)
Attributable to:-				
Deferred tax asset	-	121,000	43,600	43,600
Deferred tax liability	(215,525)	(120,716)	(127,751)	(171,991)
	<u>(215,525)</u>	<u>284</u>	<u>(84,151)</u>	<u>(128,391)</u>

The deferred tax asset/(liability) are attributable to the following items:-

	<b>Audited</b>			
	<----- As at 31 March ----->			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Provision	-	179,000	119,600	109,600
Property, plant and equipment	(215,525)	(178,716)	(203,751)	(237,991)
	<u>(215,525)</u>	<u>284</u>	<u>(84,151)</u>	<u>(128,391)</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**9. INVENTORIES**

	Audited			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Raw materials	1,611,179	2,184,802	2,531,149	3,141,868
	<u>1,611,179</u>	<u>2,184,802</u>	<u>2,531,149</u>	<u>3,141,868</u>
	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Recognised in profit or loss:-				
Inventories recognised as cost of sales	4,042,883	3,082,832	4,966,622	4,125,974
	<u>4,042,883</u>	<u>3,082,832</u>	<u>4,966,622</u>	<u>4,125,974</u>

**10. TRADE RECEIVABLES**

	Audited			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Trade receivables	7,967,969	7,551,145	5,974,231	7,888,908
Allowance for impairment losses	(554,960)	(1,150,207)	(749,596)	(485,569)
	<u>7,413,009</u>	<u>6,400,938</u>	<u>5,224,635</u>	<u>7,403,339</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****10. TRADE RECEIVABLES (CONT'D)**

	Audited FYE 31 March			
	2020 RM	2021 RM	2022 RM	2023 RM
Allowance for impairment losses:-				
At 1.4.2019/2020/2021/2022	506,591	554,960	1,150,207	749,596
Addition during the financial year	1,056,140	890,959	357,841	111,572
Reversal during the financial year	(179,109)	(183,717)	(759,343)	(383,107)
Written off during the financial year	(827,082)	(114,245)	-	-
Foreign exchange differences	(1,580)	2,250	891	7,508
At 31.3.2020/2021/2022/2023	554,960	1,150,207	749,596	485,569

The Group's normal trade credit term is 30 (2022 - 30, 2021 - 30, 2020 - 30) days during the financial years under review. Other credit terms are assessed and approved on a case-by-case basis.

**11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Audited As at 31 March			
	2020 RM	2021 RM	2022 RM	2023 RM
Other receivables	29,899	25,592	47,972	21,700
Prepayments	-	-	-	72,246
Deferred listing expenses	-	-	-	1,943,680
Deposits	139,596	134,840	706,476	278,097
	169,495	160,432	754,448	2,315,723

## 12. ACCOUNTANTS' REPORT (Cont'd)

### GLOSTREXT BERHAD

#### NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

## 12. CONTRACT ASSETS

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
At 1.4.2019/2020/ 2021/2022	1,568,698	463,393	496,546	816,944
Performance obligations performed	23,963,188	16,966,260	26,574,265	21,615,779
Transfer to trade receivables	(25,059,717)	(16,943,516)	(26,257,271)	(21,095,721)
Foreign exchange differences	(8,776)	10,409	3,404	47,948
At 31.3.2020/2021/ 2022/2023	<u>463,393</u>	<u>496,546</u>	<u>816,944</u>	<u>1,384,950</u>

- (a) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.
- (b) No information is provided for remaining performance obligations that have original expected durations of 1 year or less, as allowed by MFRS 15.121(a).

## 13. SHARE CAPITAL AND INVESTED EQUITY

### (a) Share Capital

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	Number of Shares			
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1.4.2019/ 2020/date of incorporation/ 1.4.2022	-	-	200	200
Issuance of shares	-	-	-	301,210,800
At 31.3.2020/ 2021/2022/ 2023	<u>-</u>	<u>-</u>	<u>200</u>	<u>301,211,000</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**13. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)**

**(a) Share Capital (Cont'd)**

	Audited			
	2020 RM	2021 RM	2022 RM	2023 RM
	<----- FYE 31 March ----->			
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1.4.2019/ 2020/date of incorporation/ 1.4.2022	-	-	20	20
Issuance of shares	-	-	-	30,121,080
At 31.3.2020/ 2021/2022/ 2023	-	-	20	30,121,100

- (a) During the FYE 31 March 2023, the Company increased its issued and paid-up share capital from RM20 to RM30,121,100 by way of issuance of 301,210,800 new ordinary shares at an issue price of RM0.10 for Acquisition of Spectest as disclosed in Note 32(b) to the financial statements.

The new ordinary shares issued rank equally in all respect with the existing ordinary shares of the Company.

- (b) The holders of ordinary shares are entitled to receive dividend as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**13. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)**

**(b) Invested Equity**

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	Number of Shares			
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1.4.2019/2020/2021/2022	1,000,000	1,000,000	1,000,000	1,055,000
Issuance of new shares for cash	-	-	11,686	-
Issuance of new shares as full settlement of purchase consideration for the acquisition of 90,000 shares in Glostrex Singapore on behalf of Glostrex Technology	-	-	43,314	-
Adjustment on acquisition of Spectest by Glostrex	-	-	-	(1,055,000)
At 31.3.2020/2021/2022/2023	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,055,000</u>	<u>-</u>
	RM	RM	RM	RM
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1.4.2019/2020/2021/2022	1,000,000	1,000,000	1,000,000	2,590,903
Issuance of new shares for cash	-	-	338,005	-
Issuance of new shares as full settlement of purchase consideration for the acquisition of 90,000 shares in Glostrex Singapore on behalf of Glostrex Technology	-	-	1,252,898	-
Adjustment on acquisition of Spectest by Glostrex	-	-	-	(2,590,903)
At 31.3.2020/2021/2022/2023	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,590,903</u>	<u>-</u>

(a) The invested equity at the end of the respective financial years comprise the issued and paid-up ordinary shares of Spectest. During the financial year, the invested equity has been reversed pursuant to the completion of Acquisition of Spectest by Glostrex.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**13. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)**

**(b) Invested Equity (Cont'd)**

- (b) During the FYE2022, Spectest increased its issued and paid up share capital from RM1,000,000 to RM2,590,903 by way of :
- (i) issuance of 11,686 new ordinary shares for a cash consideration of RM338,005 for working capital purposes; and
  - (ii) issuance of 43,314 new ordinary shares as full settlement of purchase consideration for the acquisition of 90,000 shares in Glostrex Singapore on behalf of Glostrex Technology. The fair value of the consideration amounted to RM1,252,898.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of Spectest.

- (c) The holders of ordinary shares of Spectest were entitled to receive dividend as and when declared by Spectest and are entitled to one vote per ordinary share at meetings of Spectest. The ordinary shares have no par value.

**14. RESERVES**

**(a) Foreign Exchange Translation Reserve**

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiary whose functional currency is different from the Group's presentation currency.

**(b) Restructuring Reserve**

In the event where a new company is formed to facilitate a restructuring exercise, in which the new company itself is not a business, book value accounting is applied. The assets and liabilities acquired are recognised in the consolidated financial statements at their respective carrying amounts as if the restructuring had occurred before the start of the earliest period presented. The other components of equity of the acquired entity are added to the same components within Group equity.

The restructuring reserve amounting to RM27,530,177 comprises the difference between cost of investment recorded by the Company and the share capital of Spectest arising from the acquisition of Spectest as disclosed in Note 32(b) to the financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**15. NON-CONTROLLING INTERESTS**

- (a) The non-controlling interests at the end of the reporting period comprise the following:-

	<b>Effective Equity Interest</b>			
	<b>&lt;----- As at 31 March -----&gt;</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	%	%	%	%
Glostrex Singapore	9	9	-	-

	<b>Amount</b>			
	<b>&lt;----- As at 31 March -----&gt;</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Glostrex Singapore	915,619	1,037,271	-	-

- (b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	<b>Glostrex Singapore</b>			
	<b>&lt;----- FYE 31 March -----&gt;</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
<u>At 31 March</u>				
Non-current assets	7,070,416	6,925,033	n/a	n/a
Current assets	8,318,198	8,567,689	n/a	n/a
Non-current liabilities	(2,848,932)	(2,686,303)	n/a	n/a
Current liabilities	(2,366,133)	(1,281,181)	n/a	n/a
Net assets	10,173,549	11,525,238	n/a	n/a

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****15. NON-CONTROLLING INTERESTS (CONT'D)**

- (b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	Glostrex Singapore			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<u>Financial Year</u>				
<u>Ended 31</u>				
<u>March</u>				
Revenue	16,130,663	11,083,211	20,600,246	n/a
Profit for the financial year	3,787,887	1,711,500	6,400,533	n/a
Total comprehensive income	<u>3,787,887</u>	<u>1,711,500</u>	<u>6,400,533</u>	<u>n/a</u>
Total comprehensive income attributable to non-controlling interests	340,910	154,035	576,048	n/a
Dividends paid to non-controlling interests	(299,604)	(54,388)	(414,402)	n/a
Net cash flows from operating activities	6,336,337	2,024,921	6,862,578	n/a
Net cash flows for investing activities	(1,830,315)	(178,304)	(416,283)	n/a
Net cash flows for financing activities	<u>(2,893,570)</u>	<u>(1,466,214)</u>	<u>(6,466,764)</u>	<u>n/a</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****16. LEASE LIABILITIES**

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
At 1.4.2019/2020/ 2021/2022	359,331	306,608	389,572	175,957
Additions	130,900	185,228	-	-
Modification of lease liabilities	-	-	-	235,742
Interest expense recognised in profit or loss	12,841	11,294	11,406	12,128
Repayment of principal	(183,623)	(103,602)	(214,290)	(244,162)
Repayment of interest expense	(12,841)	(11,294)	(11,406)	(12,128)
Foreign exchange differences	-	1,338	675	6,249
At 31.3.2020/2021/ 2022/2023	306,608	389,572	175,957	173,786
Analysed by:-				
Current liabilities	118,218	211,683	111,338	121,325
Non-current liabilities	188,390	177,889	64,619	52,461
At 31.3.2020/2021/ 2022/2023	306,608	389,572	175,957	173,786

**17. TERM LOANS**

	Audited			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Current liabilities	646,445	732,810	1,872,035	497,248
Non-current liabilities	12,295,213	12,001,010	8,957,729	8,531,257
	12,941,658	12,733,820	10,829,764	9,028,505



**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****17. TERM LOANS (CONT'D)**

Details of the term loans outstanding at the end of the reporting period are as follows:-

	<b>Audited</b>			
	<b>As at 31 March</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
<b>Term Loans</b>				
I	488,719	481,294	446,578	412,629
II	3,582,646	3,573,854	3,416,029	3,265,697
III	451,045	441,417	416,546	390,485
IV	1,352,950	1,343,900	1,275,115	1,208,770
V	3,009,509	3,002,914	2,871,441	2,746,686
VI	1,480,042	1,427,571	1,354,524	-
VII	1,476,482	1,366,002	-	-
VIII	1,100,265	1,096,868	1,049,531	1,004,238
	<b>12,941,658</b>	<b>12,733,820</b>	<b>10,829,764</b>	<b>9,028,505</b>

- (a) Term loan (I) bore effective interest rate of 4.22% (2022 - 3.22%, 2021 - 3.22%, 2020 - 3.97%) and is secured by:-
- (i) a first party legal charge over the Group's property as disclosed in Note 6 to the financial statements;
  - (ii) an equitable assignment of rental proceed; and
  - (iii) a joint and several guarantee by the directors of the Group.
- (b) Term loan (II) bore effective interest rate of 4.17% (2022 - 3.17%, 2021 - 3.17%, 2020 - 3.92%) and is secured by:-
- (i) a first party legal charge over the Company's property as disclosed in Note 6 to the financial statements;
  - (ii) an equitable assignment of rental proceed;
  - (iii) a joint and several guarantee by the directors of the Group; and
  - (iv) a corporate guarantee by the Group's subsidiary.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**17. TERM LOANS (CONT'D)**

- (c) Term loan (III) bore effective interest rate of 4.10% (2022 - 3.10%, 2021 - 3.10%, 2020 - 3.85%) and is secured by:-
- (i) a first party legal charge over the Group's property as disclosed in Note 5 to the financial statements; and
  - (ii) a joint and several guarantee by the directors of the Group.
- (d) Term loan (IV) and (VIII) bore effective interest rate of 4.17% (2022 - 3.17%, 2021 - 3.17%, 2020 - 3.92%) and is secured by:-
- (i) a first party legal charge over the Group's property as disclosed in Note 6 to the financial statements;
  - (ii) an equitable assignment of rental proceed; and
  - (iii) a joint and several guarantee by the directors of the Group.
- (e) Term loan (V) bore effective interest rate of 4.17% (2022 - 3.17%, 2021 - 3.17%, 2020 - 3.92%) and secured by:-
- (i) a first party legal charge over the Group's property as disclosed in Notes 5 and 7 to the financial statements; and
  - (ii) a joint and several guarantee by the directors of the Group.
- (f) Term loan (VI) in the previous financial year bore effective interest rate of 4.88% (2021 - 4.88%, 2020 - 2.38%) and was secured by:-
- (i) a first party legal charge over the Company's property as disclosed in Note 5 to the financial statements;
  - (ii) an assignment of rental proceeds; and
  - (iii) a joint and several guarantee by a director of the Company and a director of the subsidiary.
- (g) Term loan (VII) in FYE2021 bore effective interest rate of 2.30% (2020 - 2.30%) and is secured by:-
- (i) a first party legal charge over the Group's property as disclosed in Note 5 to the financial statements; and
  - (ii) a joint and several guarantee by a director of the Group and a director of the subsidiary.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****18. TRADE PAYABLES**

The normal trade credit terms granted to the Company range from 30 to 90 (2022 - 30 to 90, 2021 - 30 to 90, 2020 - 30 to 90) days.

**19. OTHER PAYABLES AND ACCRUALS**

	<b>Audited</b>			
	←----- As at 31 March ----->			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Other payables	16,982	2,179	904	351,181
Deposits received	76,013	114,559	110,470	94,784
Accruals	78,044	137,690	308,470	182,228
	<u>171,039</u>	<u>254,428</u>	<u>419,844</u>	<u>628,193</u>

**20. BANK OVERDRAFTS**

- (a) In the prior years, the bank overdrafts of the Group were secured by a fixed charge over certain of the Group's property as disclosed in Note 5 to the financial statements and joint and several guarantee by the directors of the Group.
- (b) In the prior years, the bank overdrafts of the Group bore floating interest rate of 8.15% (2020 - 7.40%).

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****21. REVENUE**

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<u>Revenue recognised at a point in time</u>				
Pile instrumentation and static load test services	20,635,425	13,322,611	23,488,024	17,486,945
<u>Revenue recognised over time</u>				
Structural and ground instrumentation and monitoring services	2,725,150	3,286,647	2,681,998	3,723,749
Other related activities - rental of calibrated instruments	602,613	357,002	404,243	405,085
	3,327,763	3,643,649	3,086,241	4,128,834
	23,963,188	16,966,260	26,574,265	21,615,779

**22. NET (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Impairment losses on trade receivables	(1,056,140)	(890,959)	(357,841)	(111,572)
Reversal of impairment losses on trade receivables	179,109	183,717	759,343	383,107
Bad debts write back	-	-	-	14,532
	(877,031)	(707,242)	401,502	286,067

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****23. PROFIT BEFORE TAXATION**

	Audited			
	←----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration				
- current financial year	32,158	108,830	108,724	179,006
- overprovision in previous financial year	-	-	(10,000)	-
Direct operating expenses on investment properties	51,440	43,674	39,857	38,500
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	898,771	774,482	725,930	1,060,653
- defined contribution benefits	45,806	48,285	45,504	78,463
Director fees	-	-	-	29,200
Depreciation of:				
- property, plant and equipment	1,230,717	1,214,773	1,342,343	1,501,136
- investment properties	255,587	222,207	222,955	213,232
- right-of-use assets	111,806	197,289	221,938	227,429
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	25,712	4,258	1,580	-
- term loans	460,135	401,591	405,005	361,759
Interest expense on lease liabilities	12,841	11,294	11,406	12,128
Property, plant and equipment written off	62,329	139,862	105,842	12,634
Loss/(Gain) on foreign exchange:				
- realised	67,282	14,166	39,342	95,807
- unrealised	9,536	6,748	(11,957)	(585)
Lease expenses:				
- low-value assets	3,600	3,600	4,015	-
Staff costs:				
- salaries, allowances and bonus	5,684,293	4,574,538	5,257,008	6,081,087
- defined contribution benefits	432,132	384,258	415,778	504,206
- others	127,003	219,978	315,815	302,793

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****23. PROFIT BEFORE TAXATION (CONT'D)**

	Audited			
	←----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Gain on disposal of property, plant and equipment	(137,171)	(1,238,274)	-	(53,218)
Gain on disposal of investment property	-	-	-	(673,118)
Rental income:				
- Investment properties	(473,783)	(304,990)	(451,620)	(463,741)

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Group were RM24,325 (2022 - RM53,381, 2021 - Nil, 2020 - Nil).

**24. INCOME TAX EXPENSE**

	Audited			
	←----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Current tax expense:				
- for the financial year	991,188	522,396	1,305,735	770,334
- (over)/underprovision in the previous financial year	(77,502)	422,244	(232,279)	94,606
	913,686	944,640	1,073,456	864,940
Deferred tax:				
- origination and reversal of temporary differences	3,600	(267,870)	275,972	38,505
- under/(over)provision in the previous financial year	-	49,600	(192,054)	-
	3,600	(218,270)	83,918	38,505
	917,286	726,370	1,157,374	903,445

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****24. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	Audited			
	←----- FYE 31 March ----->			
	2020 RM	2021 RM	2022 RM	2023 RM
Profit before taxation	5,344,388	3,120,732	8,495,272	5,018,200
Tax at the statutory tax rate of 24% (2022 - 24%, 2021 - 24%, 2020 - 24%)	1,282,653	748,975	2,038,865	1,204,369
Tax effects of:-				
Differential tax rates	(382,142)	(213,035)	(546,729)	(267,675)
Non-deductible expenses	193,350	182,124	162,072	104,825
Non-taxable income (Over)/Underprovision in the previous financial year:				
- current tax	(77,502)	422,244	(232,279)	94,606
- deferred tax	-	49,600	(192,054)	-
	<u>917,286</u>	<u>726,370</u>	<u>1,157,374</u>	<u>903,445</u>

The domestic corporate tax rate of the Group on the first RM600,000 (2022 - RM600,000, 2021 - RM600,000, 2020 - RM600,000) of chargeable income is 24% (2022 - 17%, 2021 - 17%, 2020 - 17%). The tax rate applicable to the balance of the chargeable income is 24% (2022 - 24%, 2021 - 24%, 2020 - 24%). The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**25. EARNINGS PER SHARE**

	Audited			
	←----- FYE 31 March ----->			
	2020	2021	2022	2023
Profit after taxation attributable to owners of the Company (RM)	4,086,192	2,240,327	6,761,850	4,114,755
Weighted average number of ordinary shares in issue:				
- as at 31 March	1,000,000	1,000,000	1,003,188	26,547,844
- after adjusting effect of new ordinary shares issued as consideration for the Acquisition of Spectest #	301,211,000	301,211,000	301,211,000	301,211,000
Basic earnings per share (sen):				
- as at 31 March	409	224	674	15
- based on new issuance of shares issued upon Acquisition of Spectest #	1.36	0.74	2.24	1.37

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

# - The Company increased its issued and paid-up share capital RM20 to RM30,121,100 by way of issuance of 301,210,800 new ordinary shares during the financial year as disclosed in Note 13 to the combined and consolidated financial statements.

The number of ordinary shares used for the calculation of earnings per share in a common control combination which is accounted for using merger accounting, is the aggregate of the weighted average number of shares of the entity whose shares are outstanding after the combination.

It is assumed that the number of ordinary shares for the FYE 31 March 2020, 2021 and 2022 are the same as FYE 31 March 2023, as if the combined and consolidated entity has always existed.



**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****26. DIVIDENDS**

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Spectest</b>				
First interim dividend of Nil (2022 - 100 sen, 2021 - 100 sen; 2020 – 50 sen) per ordinary share in respect of the current financial year	500,000	1,000,000	1,000,000	-
Second interim dividend of Nil (2022 - 150 sen, 2021 - Nil; 2020 - Nil) per ordinary share in respect of the current financial year	-	-	1,500,000	-
	500,000	1,000,000	2,500,000	-

**27. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment, investment properties and right-of-use assets are as follows:-

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Property, plant and equipment</b>				
Cost of property, plant and equipment purchased	5,043,070	2,231,702	2,073,890	1,809,203
<b>Investment property</b>				
Cost of investment property purchased	1,428,524	-	-	-

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****27. CASH FLOW INFORMATION (CONT'D)**

- (a) The cash disbursed for the purchase of property, plant and equipment, investment properties and right-of-use assets are as follows (Cont'd):-

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Right-of-use asset</b>				
Cost of right-of use assets acquired	192,356	185,228	-	-
Less: Additions of new lease liability	(130,900)	(185,228)	-	-
	61,456	-	-	-

- (b) The reconciliation of liabilities arising from financial activities are as follows:-

	Term Loans RM	Lease Liabilities RM	Amount Owing to Directors RM	Total RM
<b>FYE 2020</b>				
At 1.4.2019	7,488,028	359,331	759,900	8,607,259
<b>Changes in Financing</b>				
<u>Cash Flows</u>				
Proceeds from drawdown	5,933,112	-	-	5,933,112
Repayment	-	-	(759,900)	(759,900)
Repayment of principal	(459,805)	(183,623)	-	(643,428)
Repayment of interests	(460,135)	(12,841)	-	(472,976)
	5,013,172	(196,464)	(759,900)	4,056,808
<u>Other Changes</u>				
Acquisition of new leases	-	130,900	-	130,900
Foreign exchange differences	(19,677)	-	-	(19,677)
Interest expense recognised in profit or loss	460,135	12,841	-	472,976
	440,458	143,741	-	584,199
At 31.3.2020	12,941,658	306,608	-	13,248,266

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****27. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financial activities are as follows (Cont'd):-

	Term Loans RM	Lease Liabilities RM	Total RM
<b>FYE 2021</b>			
At 1.4.2020	12,941,658	306,608	13,248,266
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(275,592)	(103,602)	(379,194)
Repayment of interests	(401,591)	(11,294)	(412,885)
	(677,183)	(114,896)	(792,079)
<u>Other Changes</u>			
Acquisition of new leases	-	185,228	185,228
Foreign exchange differences	67,754	1,338	69,092
Interest expense recognised in profit or loss	401,591	11,294	412,885
	469,345	197,860	667,205
At 31.3.2021	12,733,820	389,572	13,123,392
<b>FYE 2022</b>			
At 1.4.2021	12,733,820	389,572	13,123,392
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(1,918,912)	(214,290)	(2,133,202)
Repayment of interests	(405,005)	(11,406)	(416,411)
	(2,323,917)	(225,696)	(2,549,613)
<u>Other Changes</u>			
Interest expense recognised in profit or loss	405,005	11,406	416,411
Foreign exchange differences	14,856	675	15,531
	419,861	12,081	431,942
At 31.3.2022	10,829,764	175,957	11,005,721

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**27. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financial activities are as follows (Cont'd):-

	Term Loans RM	Lease Liabilities RM	Total RM
<b>FYE 2023</b>			
At 1.4.2022	10,829,764	175,957	11,005,721
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(1,859,612)	(244,162)	(2,103,774)
Repayment of interests	(361,759)	(12,128)	(373,887)
	(2,221,371)	(256,290)	(2,477,661)
<u>Other Changes</u>			
Modification of lease liabilities	-	235,742	235,742
Interest expense recognised in profit or loss	361,759	12,128	373,887
Foreign exchange differences	58,353	6,249	64,602
	420,112	254,119	674,231
At 31.3.2023	9,028,505	173,786	9,202,291

(c) The total cash outflows for a lease as a lessee are as follows:-

	<b>Audited</b>			
	<----- FYE 31 March ----->			
	<b>2020</b> RM	<b>2021</b> RM	<b>2022</b> RM	<b>2023</b> RM
Payment of short-term leases	3,600	3,600	4,015	-
Interest paid on lease liability	12,841	11,294	11,406	12,128
Payment on lease liability	183,623	103,602	214,290	244,162
	200,064	118,496	229,711	256,290

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****27. CASH FLOW INFORMATION (CONT'D)**

(d) The cash and cash equivalents comprise the following:-

	Audited			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
Cash and bank balances	4,291,869	5,572,327	7,820,158	6,597,316
Bank overdrafts	(122,961)	(203,309)	-	-
	4,168,908	5,369,018	7,820,158	6,597,316

**28. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Directors</b>				
Repayment to	759,900	-	-	-
<b>Related party</b>				
Purchase of investment property	1,380,000	-	-	-

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****28. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (Cont'd):-

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Key Management Personnel</b>				
Rental of premise paid/payable	-	50,260	101,388	121,184
Issuance of shares as full settlement of purchase consideration for shares in Glostrex Singapore	-	-	835,265	-
Issuance of shares for cash consideration	-	-	321,767	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**29. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include certain members of senior management of the Group.

(a) The key management personnel compensation during the financial year are as follows:-

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<u>Other Key Management Personnel</u>				
Short-term employee benefits	1,670,706	1,322,797	1,312,669	1,344,470
Defined contribution benefits	169,468	115,716	110,315	112,611
	<u>1,840,174</u>	<u>1,438,513</u>	<u>1,422,984</u>	<u>1,457,081</u>

The estimated monetary value of benefits-in-kind provided by the Group to the key management personnel of the Group were RM3,000 (2022 - RM9,598, 2021 - Nil, 2020 - Nil).

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**30. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a yearly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments as follows:-

- (a) Pile instrumentation and static load test services
- (b) Structural and ground instrumentation and monitoring services
- (c) Other related activities

Segment profit

Segment performance is used to measure performance as the directors believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the directors. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the directors. Hence no disclosure is made on segment liabilities.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****30. OPERATING SEGMENTS (CONT'D)**

## 30.1 BUSINESS SEGMENTS

	Pile instrumentation and static load test services RM	Structural and ground instrumentation and monitoring services RM	Other related activities RM	The Group RM
<b>FYE 2020</b>				
<b>Revenue</b>				
External revenue	20,635,425	2,725,150	602,613	23,963,188
Combined revenue				23,963,188
<b>Results</b>				
Segment profit	10,178,621	1,537,962	602,613	12,319,196
Other income				634,779
Administrative expenses				(5,205,950)
Other expenses				(1,027,918)
Finance costs				(498,688)
Net impairment losses on financial assets				(877,031)
Combined profit before taxation				5,344,388
Income tax expense				(917,286)
Combined profit after taxation				4,427,102



**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****30. OPERATING SEGMENTS (CONT'D)**

## 30.1 BUSINESS SEGMENTS (CONT'D)

	Pile instrumentation and static load test services RM	Structural and ground instrumentation and monitoring services RM	Other related activities RM	The Group RM
<b>FYE 2021</b>				
<b>Revenue</b>				
External revenue	13,322,611	3,286,647	357,002	16,966,260
Combined revenue				16,966,260
<b>Results</b>				
Segment profit	5,690,363	1,813,398	357,002	7,860,763
Other income				2,145,123
Administrative expenses				(4,661,938)
Other expenses				(1,098,831)
Finance costs				(417,143)
Net impairment losses on financial assets				(707,242)
Combined profit before taxation				3,120,732
Income tax expense				(726,370)
Combined profit after taxation				2,394,362

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****30. OPERATING SEGMENTS (CONT'D)**

## 30.1 BUSINESS SEGMENTS (CONT'D)

	Pile instrumentation and static load test services RM	Structural and ground instrumentation and monitoring services RM	Other related activities RM	The Group RM
<b>FYE 2022</b>				
<b>Revenue</b>				
External revenue	23,488,024	2,681,998	404,243	26,574,265
Combined revenue				26,574,265
<b>Results</b>				
Segment profit	12,243,158	1,411,118	404,243	14,058,519
Other income				786,395
Administrative expenses				(5,190,496)
Other expenses				(1,142,657)
Finance costs				(417,991)
Net reversal of impairment losses on financial assets				401,502
Combined profit before taxation				8,495,272
Income tax expense				(1,157,374)
Combined profit after taxation				7,337,898

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**30. OPERATING SEGMENTS (CONT'D)**

30.1 BUSINESS SEGMENTS (CONT'D)

	Pile instrumentation and static load test services RM	Structural and ground instrumentation and monitoring services RM	Other related activities RM	The Group RM
<b>FYE 2023</b>				
<b>Revenue</b>				
External revenue	17,486,945	3,723,749	405,085	21,615,779
Consolidated revenue				21,615,779
<b>Results</b>				
Segment profit	8,456,651	2,332,625	405,085	11,194,361
Other income				1,279,745
Administrative expenses				(6,244,160)
Other expenses				(1,123,926)
Finance costs				(373,887)
Net reversal of impairment losses on financial assets				286,067
Consolidated profit before taxation				5,018,200
Income tax expense				(903,445)
Consolidated profit after taxation				4,114,755

30.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include deferred tax assets.

	Revenue -----> FYE 31 March <-----			
	2020 RM	2021 RM	2022 RM	2023 RM
Singapore	15,667,796	11,083,211	20,600,247	13,906,069
Malaysia	8,295,392	5,883,049	5,616,920	7,567,201
Cambodia	-	-	357,098	142,509
	23,963,188	16,966,260	26,574,265	21,615,779

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****30. OPERATING SEGMENTS (CONT'D)**

## 30.2 GEOGRAPHICAL INFORMATION (CONT'D)

	<b>Non-current Assets</b>			
	<b>&lt;----- As at 31 March -----&gt;</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Singapore	7,070,417	6,925,033	6,707,581	6,350,544
Malaysia	18,241,001	18,729,144	19,175,667	18,838,412
	<u>25,311,418</u>	<u>25,654,177</u>	<u>25,883,248</u>	<u>25,188,956</u>

The information on the disaggregation of revenue based on geographical region is summarised below:-

	<b>At A Point in Time</b>			
	<b>&lt;----- FYE 31 March -----&gt;</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Singapore	15,247,083	10,857,009	20,370,946	13,622,307
Malaysia	5,388,342	2,465,602	3,117,078	3,864,638
	<u>20,635,425</u>	<u>13,322,611</u>	<u>23,488,024</u>	<u>17,486,945</u>

	<b>Over Time</b>			
	<b>&lt;----- FYE 31 March -----&gt;</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Singapore	420,713	226,202	229,301	283,762
Malaysia	2,907,050	3,417,447	2,499,842	3,702,563
Cambodia	-	-	357,098	142,509
	<u>3,327,763</u>	<u>3,643,649</u>	<u>3,086,241</u>	<u>4,128,834</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**30. OPERATING SEGMENTS (CONT'D)**

30.3 MAJOR CUSTOMERS

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

	Revenue				Segment
	FYE 31 March				
	2020 RM	2021 RM	2022 RM	2023 RM	
Customer #1	3,322,853	*	*	*	Pile instrumentation and static load test services
Customer #2	*	*	4,168,528	2,990,191	Pile instrumentation and static load test services
Customer #3	*	*	3,456,951	2,401,458	Pile instrumentation and static load test services

\* During the financial years, the revenue for this customer was less than 10% of the Group's revenue.

**31. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 17 and 20 to the financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(ii) Interest Rate Risk (Cont'd)

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	Audited			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Effects on Profit After Taxation</b>				
Increase of 100 basis points	(99,291)	(98,322)	(82,306)	(68,617)
Decrease of 100 basis points	99,291	98,322	82,306	68,617

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) **Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 (2022 - 2, 2021 - 3, 2020 - 1) customer which constituted approximately 58% (2022 - 38%, 2021 - 50%, 2020 - 17%) of its trade receivables at the end of the reporting period.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 365 days past due.



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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) **Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2022 - 12, 2021 - 12, 2020 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers' trade receivables to settle their debts. The Group has identified the Gross Domestic Product (GDP) and inflation rate as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****31. FINANCIAL INSTRUMENTS (CONT'D)**

## 31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Credit Risk (Cont'd)

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2020</b>				
Current (not past due)	1,816,215	-	-	1,816,215
Past due:				
1 to 30 days	1,766,290	-	-	1,766,290
31 to 60 days	1,259,826	-	-	1,259,826
61 to 90 days	732,766	-	-	732,766
More than 90 days	2,392,872	(554,960)	-	1,837,912
Trade receivables	7,967,969	(554,960)	-	7,413,009
Contract assets	463,393	-	-	463,393
	8,431,362	(554,960)	-	7,876,402
<b>2021</b>				
Current (not past due)	1,799,872	-	(10,231)	1,789,641
Past due:				
1 to 30 days	2,040,748	-	(910)	2,039,838
31 to 60 days	920,747	-	(4,210)	916,537
61 to 90 days	924,935	-	(8,711)	916,224
More than 90 days	1,864,843	(1,069,294)	(56,851)	738,698
Trade receivables	7,551,145	(1,069,294)	(80,913)	6,400,938
Contract assets	496,546	-	-	496,546
	8,047,691	(1,069,294)	(80,913)	6,897,484

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

*Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2022</b>				
Current (not past due)	1,352,857	-	(5,728)	1,347,129
Past due:				
1 to 30 days	950,662	-	(345)	950,317
31 to 60 days	435,146	-	(901)	434,245
61 to 90 days	735,700	-	(7,614)	728,086
More than 90 days	2,499,866	(575,311)	(159,697)	1,764,858
Trade receivables	5,974,231	(575,311)	(174,285)	5,224,635
Contract assets	816,944	-	-	816,944
	6,791,175	(575,311)	(174,285)	6,041,579
<b>2023</b>				
Current (not past due)	2,129,125	-	-	2,129,125
Past due:				
1 to 30 days	1,449,127	-	-	1,449,127
31 to 60 days	1,643,236	-	-	1,643,236
61 to 90 days	96,367	-	-	96,367
More than 90 days	2,571,053	(485,569)	-	2,085,484
Trade receivables	7,888,908	(485,569)	-	7,403,339
Contract assets	1,384,950	-	-	1,384,950
	9,273,858	(485,569)	-	8,788,289

The movements in the loss allowances in respect of trade receivables is disclosed in Note 10 to the financial statements.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

*Allowance for Impairment Losses*

No expected credit loss is recognised on other receivables as it is negligible.

Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>FYE 2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	711,205	711,205	711,205	-	-
Other payables and accruals	-	95,026	95,026	95,026	-	-
Lease liabilities	4.24 - 5.17	306,608	328,527	129,276	199,251	-
Term loans	2.30 - 3.97	12,941,658	16,658,862	1,037,866	4,188,715	11,432,281
Bank overdrafts	7.40	122,961	122,961	122,961	-	-
			<b>14,177,458</b>	<b>17,916,581</b>	<b>2,096,334</b>	<b>4,387,966</b>
						<b>11,432,281</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period)(Cont'd):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>FYE 2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	1,161,861	1,161,861	1,161,861	-	-
Other payables and accruals	-	139,869	139,869	139,869	-	-
Lease liabilities	4.24 - 5.25	389,572	405,279	220,032	185,247	-
Term loans	2.30 - 4.88	12,733,820	15,424,644	1,041,217	4,243,103	10,140,324
Bank overdrafts	7.40	203,309	203,309	203,309	-	-
			<b>14,628,431</b>	<b>17,334,962</b>	<b>2,766,288</b>	<b>4,428,350</b>
						<b>10,140,324</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period)(Cont'd):-

<b>The Group</b>	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>FYE 2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	476,841	476,841	476,841	-	-
Other payables and accruals	-	309,374	309,374	309,374	-	-
Lease liabilities	4.24 - 5.25	175,957	185,575	115,278	70,297	-
Term loans	3.10 - 4.88	10,829,764	13,235,435	2,164,860	3,241,344	7,829,231
			<b>11,791,936</b>	<b>14,207,225</b>	<b>3,066,353</b>	<b>3,311,641</b>
					<b>3,311,641</b>	<b>7,829,231</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period)(Cont'd):-

<b>The Group</b>	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>FYE 2023</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	663,498	663,498	663,498	-	-
Other payables and accruals	-	533,409	533,409	533,409	-	-
Lease liabilities	5.25	173,786	180,706	127,557	53,149	-
Term loans	4.10 - 4.22	9,028,505	11,910,580	864,252	3,457,008	7,589,320
			<b>10,399,198</b>	<b>13,288,193</b>	<b>2,188,716</b>	<b>3,510,157</b>
					<b>3,510,157</b>	<b>7,589,320</b>



**12. ACCOUNTANTS' REPORT (Cont'd)****GLOSTREXT BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****31. FINANCIAL INSTRUMENTS (CONT'D)**

## 31.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder's value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>Audited</b>			
	<----- As at 31 March ----->			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM	RM	RM	RM
Lease liabilities	306,608	389,572	175,957	173,786
Term loans	12,941,658	12,733,820	10,829,764	9,028,505
Bank overdrafts	122,961	203,309	-	-
	<u>13,371,227</u>	<u>13,326,701</u>	<u>11,005,721</u>	<u>9,202,291</u>
Less: Cash and bank balances	(4,291,869)	(5,572,327)	(7,820,158)	(6,597,316)
Net debt	<u>9,079,358</u>	<u>7,754,374</u>	<u>3,185,563</u>	<u>2,604,975</u>
Total equity	<u>23,752,285</u>	<u>25,337,581</u>	<u>30,119,255</u>	<u>35,213,537</u>
Debt-to-equity ratio	<u>0.38</u>	<u>0.31</u>	<u>0.11</u>	<u>0.07</u>

There was no change in the Group approach to capital management during the financial year.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Audited			
	<----- As at 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Financial Asset</b>				
<u>Amortised Cost</u>				
Trade receivables	7,413,009	6,400,938	5,224,635	7,403,339
Other receivables	29,899	25,592	47,972	21,700
Cash and bank balances	4,291,869	5,572,327	7,820,158	6,597,316
	11,734,777	11,998,857	13,092,765	14,022,355
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Trade payables	711,205	1,161,861	476,841	663,498
Other payables and accruals	95,026	139,869	309,374	533,409
Lease liabilities	306,608	389,572	175,957	173,786
Term loans	12,941,658	12,733,820	10,829,764	9,028,505
Bank overdrafts	122,961	203,309	-	-
	14,177,458	14,628,431	11,791,936	10,399,198

31.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Audited			
	<----- FYE 31 March ----->			
	2020	2021	2022	2023
	RM	RM	RM	RM
<b>Financial Asset</b>				
<u>Amortised Cost</u>				
Net losses/(gains) recognised in profit or loss	877,031	707,242	(401,502)	(286,067)
	877,031	707,242	(401,502)	(286,067)
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	508,224	423,891	406,034	373,302
	508,224	423,891	406,034	373,302

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>FYE 2020</b>								
<u>Financial liability</u>								
Term loans	-	-	-	-	12,941,658	-	12,941,658	12,941,658
<b>FYE 2021</b>								
<u>Financial liability</u>								
Term loans	-	-	-	-	12,733,820	-	12,733,820	12,733,820

**12. ACCOUNTANTS' REPORT (Cont'd)**

**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

**31. FINANCIAL INSTRUMENTS (CONT'D)**

31.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>FYE 2022</b>								
<u>Financial liability</u>								
Term loans	-	-	-	-	10,829,764	-	10,829,764	10,829,764
<b>FYE 2023</b>								
<u>Financial liability</u>								
Term loans	-	-	-	-	9,028,505	-	9,028,505	9,028,505

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**GLOSTREXT BERHAD**

**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

- (a) On 10 March 2022, Glostrex Technology. acquired 90,000 ordinary shares in Glostrex Singapore representing 9% of Glostrex Singapore's issued and paid-up share capital for a total consideration of RM1,252,898. Consequently, Glostrex Technology's interest in Glostrex Singapore increased from 91% to 100%. The purchase consideration was satisfied by the allotment and issuance of 43,314 ordinary shares in Spectest.
- (b) On 28 July 2022, Glostrex entered into a conditional share sale agreement with the Vendors to acquire the entire equity interest in Spectest for a total purchase consideration of RM30,121,080.

The total purchase consideration of RM30,121,080 for the Acquisition of Spectest was arrived at after taking into consideration the audited NA of Spectest as at 31 March 2022 amounting to RM30,121,325 and shall be satisfied by the issuance of 301,210,800 new Shares to the Vendors at an issue price of RM0.10 per share.

The acquisition is conditional upon, amongst others, the approval of Bursa Malaysia Securities Berhad being obtained for the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The acquisition has been completed on 28 February 2023.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**STATEMENT BY DIRECTORS**

We, Lee Sieng Kai and Tan Ah Huat, being two of the directors of Glostrex Berhad, state that, in the opinion of the directors, the financial information set out on pages 5 to 93 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Prospectus Guidelines so as to give a true and fair view of the financial position of the Group as at 31 March 2020, 2021, 2022 and 2023 and of its financial performance and cash flows for the financial years ended 31 March 2020, 2021, 2022 and 2023.

Signed in accordance with a resolution of the directors dated 3 July 2023



Lee Sieng Kai



Tan Ah Huat

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**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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**Crowe Malaysia PLT**  
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Date: 3 July 2023

The Board of Directors  
**Glostrext Berhad**  
No. 11A, Jalan Apollo U5/194,  
Bandar Pinggiran Subang, Seksyen U5,  
40150 Shah Alam, Selangor.

Dear Sirs/Madam

**GLOSTREXT BERHAD (“GLOSTREXT” OR “THE COMPANY”)  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Glostrext and its subsidiaries (collectively known as “the Group”) as at 31 March 2023 together with the accompanying notes thereon (as set out in Appendix A, for which we have stamped for the purpose of identification), prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing and quotation of the entire enlarged issued share capital in Glostrext on the ACE Market of Bursa Malaysia Securities Berhad (“the Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position, and are specified in the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the effects of the transactions as set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position as if the transactions have been implemented and completed on 31 March 2023.

As part of this process, information about the Group's financial position as at 31 March 2023 have been extracted by the Board of Directors of the Company from the Accountants' Report of Glostrext for the financial year ended 31 March 2023, which is audited by us.

**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

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**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirement of the By-Laws (*on Professional Ethics, Conduct and Practice*) issued by the Malaysian Institute of Accountants and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

**REPORTING ACCOUNTANTS' RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.



**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of Pro Forma Consolidated Statements of Financial Position.

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

**OPINION**

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 March 2023 has been compiled, in all material respects, on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**OTHER MATTER**

Our report on the Pro Forma Consolidated Statements of Financial Position has been prepared for Inclusion in the Prospectus of Glostrex in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be "A. S. L.", written over a light blue horizontal line.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

3 July 2023

A handwritten signature in black ink, appearing to be "Chua Wai Hong", written over a light blue horizontal line.

**Chua Wai Hong**  
02974/09/2023 J  
Chartered Accountant

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Appendix A



**GLOSTREXT BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	Note	Audited as at 31 March 2023 RM	Adjustment for Public Issue RM	Pro Forma I After Adjustment for Public Issue RM	Adjustment for Utilisation of Proceeds RM	Pro Forma II After Pro Forma I and Utilisation of Proceeds RM
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment		15,138,051	-	15,138,051	-	15,138,051
Investment properties		8,632,042	-	8,632,042	-	8,632,042
Right-of-use assets		1,418,863	-	1,418,863	-	1,418,863
Deferred tax assets		43,600	-	43,600	-	43,600
		<u>25,232,556</u>	<u>-</u>	<u>25,232,556</u>	<u>-</u>	<u>25,232,556</u>
<b>CURRENT ASSETS</b>						
Inventories		3,141,868	-	3,141,868	-	3,141,868
Trade receivables		7,403,339	-	7,403,339	-	7,403,339
Other receivables, deposits and prepayments	6.1	2,315,723	-	2,315,723	(1,943,680)	372,043
Contract assets		1,384,950	-	1,384,950	-	1,384,950
Current tax assets		303,593	-	303,593	-	303,593
Cash and bank balances	6.2	6,597,316	20,107,700	26,705,016	(4,656,320)	22,048,696
		<u>21,146,789</u>	<u>20,107,700</u>	<u>41,254,489</u>	<u>(6,600,000)</u>	<u>34,654,489</u>
<b>TOTAL ASSETS</b>		<u>46,379,345</u>	<u>20,107,700</u>	<u>66,487,045</u>	<u>(6,600,000)</u>	<u>59,887,045</u>

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Appendix A

**GLOSTREXT BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)**

	Note	Audited as at 31 March 2023 RM	Adjustment for Public Issue RM	Pro Forma I After Adjustment for Public Issue RM	Adjustment for Utilisation of Proceeds RM	Pro Forma II After Pro Forma I and Utilisation of Proceeds RM
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Share capital	6.3	30,121,100	20,107,700	50,228,800	(1,320,381)	48,908,419
Foreign exchange translation reserve		1,132,173	-	1,132,173	-	1,132,173
Restructuring reserve		(27,530,177)	-	(27,530,177)	-	(27,530,177)
Retained profits	6.4	31,490,441	-	31,490,441	(1,979,619)	29,510,822
<b>TOTAL EQUITY</b>		<b>35,213,537</b>	<b>20,107,700</b>	<b>55,321,237</b>	<b>(3,300,000)</b>	<b>52,021,237</b>
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities		52,461	-	52,461	-	52,461
Term loans	6.5	8,531,257	-	8,531,257	(3,300,000)	5,231,257
Deferred tax liability		171,991	-	171,991	-	171,991
		<b>8,755,709</b>	<b>-</b>	<b>8,755,709</b>	<b>(3,300,000)</b>	<b>5,455,709</b>

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

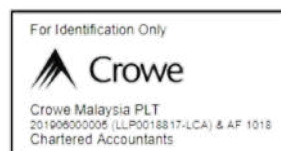
Appendix A

**GLOSTREXT BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)**



	Note	Audited as at 31 March 2023 RM	Adjustment for Public Issue RM	Pro Forma I After Adjustment for Public Issue RM	Adjustment for Utilisation of Proceeds RM	Pro Forma II After Pro Forma I and Utilisation of Proceeds RM
<b>CURRENT LIABILITIES</b>						
Trade payables		663,498	-	663,498	-	663,498
Other payables and accruals		628,193	-	628,193	-	628,193
Lease liabilities		121,325	-	121,325	-	121,325
Term loans		497,248	-	497,248	-	497,248
Current tax liabilities		499,835	-	499,835	-	499,835
		2,410,099	-	2,410,099	-	2,410,099
<b>TOTAL LIABILITIES</b>		11,165,808	-	11,165,808	(3,300,000)	7,865,808
<b>TOTAL EQUITY AND LIABILITIES</b>		46,379,345	20,107,700	66,487,045	(6,600,000)	59,887,045
Number of ordinary shares in Glostrex		301,211,000	105,830,000	407,041,000	-	407,041,000
NA attributable to owners of Glostrex (RM)		35,213,537		55,321,237		52,021,237
NA per share attributable to Glostrex (RM)		0.12		0.14		0.13

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

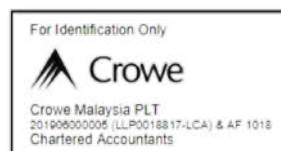
**GLOSTREXT BERHAD  
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2023**

**1. ABBREVIATIONS**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

ACE Market	:	ACE Market of Bursa Securities
Acquisition of Spectest	:	Acquisition by Glostrex of the entire share capital of Spectest from the Vendors for a purchase consideration of RM30,121,080 which was wholly satisfied by the issuance of 301,210,800 new Shares at an issue price of RM0.10 per Share
		The Acquisition of Spectest was completed on 28 February 2023 and resulted in Spectest becoming wholly-owned subsidiary of Glostrex
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Director	:	Either an executive director or a non-executive director of the Company within the meaning of Section 2 of the Act
FYE(s)	:	Financial year(s) ended 31 March
Glostrex or Company	:	Glostrex Berhad (Registration No. 202201005343 (1451040-T))
Glostrex Group or Group	:	Glostrex and its subsidiaries, collectively
Glostrex Singapore	:	Glostrex Technology (S) Pte Ltd (Registration No. 200905332R), a wholly-owned subsidiary of Glostrex Technology
Glostrex Technology	:	Glostrex Technology Sdn Bhd (Registration No. 200401011370 (649873-V)), a wholly-owned subsidiary of Spectest
Spectest	:	Spectest Sdn Bhd (Registration No. 199201005428 (236932-K)), a wholly-owned subsidiary of Glostrex
Initial Public Offering or IPO	:	Initial public offering via the Public Issue and Offer for Sale
IPO Price	:	Issue price/offer price of RM0.19 per Share pursuant to the Public Issue
Issue Share(s) or IPO Share(s)	:	The new Share(s) to be issued pursuant to the Public Issue subject to the terms and conditions of this Prospectus
Listing	:	Listing of and quotation for the entire enlarged share capital of RM50,228,800 comprising 407,041,000 Shares on the ACE Market

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

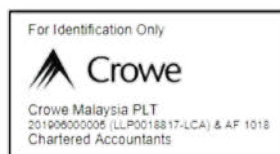
**GLOSTREXT BERHAD  
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2023**

**1. ABBREVIATIONS (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:- (Cont'd)

Listing Scheme	:	Comprising the Public Issue and Listing, collectively
NA	:	Net assets
Offer for Sale	:	The offer for sale by the Selling Shareholders of 16,281,000 Offer Shares at the IPO Price by way of private placement to selected investors
Offer Shares	:	16,281,000 existing Shares to be offered pursuant to the Offer for Sale
Pink Form Allocations	:	The allocation of 10,176,000 Issue Shares to the eligible Directors and employees as well as persons who have contributed to the success of the Group
Prospectus	:	The Prospectus dated 27 July 2023 in relation to the IPO
Public Issue	:	The public issue of 105,830,000 Issue Shares at the IPO Price
RM and sen	:	Ringgit Malaysia and sen, respectively
Selling Shareholders	:	Ir Dr Lee Sieng Kai and Tan Ah Huat, whom are undertaking the Offer for Sale
Shares or Glostrex Shares	:	Ordinary shares in Glostrex
Vendors	:	Collectively, Ir Dr Lee Sieng Kai, Tan Ah Huat, Li Haigang, Chia Meng Hua, Aniza Binti Md Din and Tan Chze Keong

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**GLOSTREXT BERHAD  
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2023**

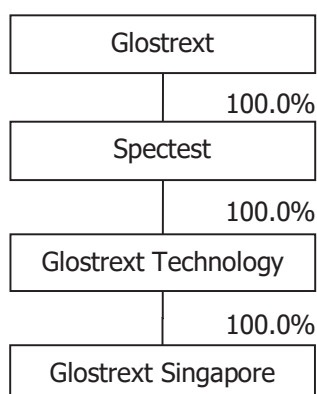
**2. INTRODUCTION**

The Pro Forma Consolidated Statements of Financial Position of Glostrex Group as at 31 March 2023 together with the accompanying notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

**3. BASIS OF PREPARATION**

**3.1 Group Structure**

The pro forma corporate structure of Glostrex Group is presented as follows:-

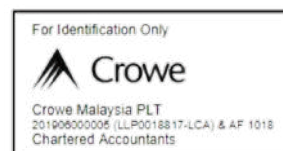


**3.2 Accountants' Report**

The Pro Forma Consolidated Statements of Financial Position is prepared based on the Accountants' Report of Glostrex for the FYE 31 March 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Accountants' Report used in the preparation of the Pro Forma Consolidated Statements of Financial Position was not subject to any audit qualification, modification or disclaimer of opinion.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**GLOSTREXT BERHAD  
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2023**

**3. BASIS OF PREPARATION (CONT'D)**

**3.3 Business Combinations**

The business combinations of Glostrex Group involve the formation of a new holding company, namely Glostrex, to undertake a restructuring exercise via the acquisition of Spectest.

The Acquisition of Spectest was completed on 28 February 2023 and resulted in Spectest becoming wholly-owned subsidiary of Glostrex

The acquisition of Spectest by Glostrex represents an internal restructuring whereby it is a continuation of the acquired entity and the assets and liabilities of the acquired entity are stated at their existing carrying amounts. The difference between the consideration paid and the share capital of the acquired entity is accounted for as restructuring reserve.

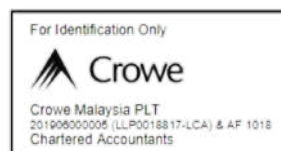
**3.4 Applicable Criteria**

- (a) The Pro Forma Consolidated Statements of Financial Position of Glostrex Group as at 31 March 2023, together with the accompanying notes thereon, has been prepared solely to illustrate the effect on the financial positions of the Glostrex Group as at 31 March 2023 had the events and transactions as set out in Note 4 herein been implemented on 31 March 2023.
- (b) The Pro Forma Consolidated Statements of Financial Position of Glostrex Group has been prepared for illustration purposes using the Accountants' Report as set out in Note 3.2 above which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS") and are not subject to any qualification, modification or disclaimer.
- (c) Material and appropriate adjustments have been made in the preparation of Pro Forma Consolidated Statements of Financial Position of Glostrex Group.

The Pro Forma Consolidated Statements of Financial Position as at 31 March 2023 are not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Consolidated Statements of Financial Position has been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual financial position of the Group.



**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**GLOSTREXT BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

**4. LISTING SCHEME**

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:-

**4.1 IPO**

**Public Issue**

A total of 105,830,000 Issue Shares, representing 26.00% of the enlarged share capital are offered at the IPO Price. The Issue Shares shall be allocated in the following manner:-

**(i) Malaysian Public**

20,352,000 Issue Shares, representing 5.00% of the enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:-

- (a) 10,176,000 Issue Shares made available to public investors; and
- (b) 10,176,000 Issue Shares made available to Bumiputera public investors

**(ii) The eligible Directors and employees as well as persons who have contributed to the success of the Group**

10,176,000 Issue Shares, representing 2.50% of the enlarged share capital, will be reserved for eligible Directors and employees as well as persons who have contributed to the success of the Group under the Pink Form Allocations.

**(iii) Private placement to selected investors**

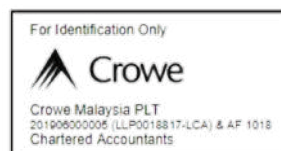
75,302,000 Issue Shares, representing 18.50% of the enlarged share capital, have been reserved for private placement for selected investors.

**4.2 Offer for Sale**

A total of 16,281,000 Offer Shares, representing 4.00% of the enlarged share capital, are offered by the Selling Shareholders to selected investors by way of private placement at the IPO Price. The Offer for Sale is subject to the terms and conditions of this Prospectus.

**4.3 Listing**

The admission to the official list and the listing and quotation of the entire enlarged issue share capital of Glostrex of RM50,228,800, comprising 407,041,000 Shares on the ACE Market of Bursa Malaysia Securities Berhad will be sought.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Appendix A

**GLOSTREX BERHAD**  
**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

**5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****5.1 Pro Forma I**

Pro Forma I incorporates the effects of the Public Issue as set out in Section 4.1 above.

**Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I and the utilisation of the proceeds from the Public Issue. The proceeds from the Public Issue will be utilised as follows:-

Purposes	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM	%	
Business expansion and working capital#	11,707,700	58.23	Within 36 months
Research and development#	1,800,000	8.95	Within 36 months
Repayment of bank borrowings	3,300,000	16.41	Within 3 months
Estimated listing expenses*^	3,300,000	16.41	Within 1 month
	<b>20,107,700</b>	<b>100.00</b>	

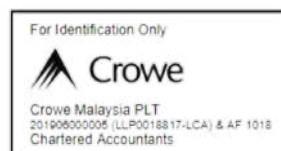
Notes:-

# - As at the latest practicable date, the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above purposes. Accordingly, the use of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.

\* - If the actual listing expenses are higher than amount budgeted, the deficit will be funded out of the portion allocated for the general working capital requirements. Conversely, if the actual listing expenses are lower than amount budgeted, the excess will be utilised for the general working capital requirements.

^ - The estimated listing expenses of RM1,320,381 directly attributable to the Public Issue will be offset against share capital. The remaining estimated listing expenses of RM1,979,619 that is attributable to Listing will be expensed off to profit or loss.

As at 31 March 2023, the Group has paid RM1,943,680 of listing expenses and is recognised in the prepayment. The said prepayment will be subsequently debited against share capital and/or expensed off in the statements of profit or loss and other comprehensive income upon completion of the IPO.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Appendix A

**GLOSTREX BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2023****6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****6.1 Other receivables, deposits and prepayments**

	RM
As at 31 March 2023/As per Pro Forma I	2,315,723
Less: Utilisation of proceeds - listing expenses	(1,943,680)
As per Pro Forma II	<u>372,043</u>

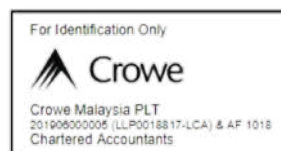
**6.2 Cash and bank balances**

	RM
As at 31 March 2023	6,597,316
Add: Proceeds from public issue	20,107,700
As per Pro Forma I	26,705,016
Less: Utilisation of proceeds - listing expenses - repayment of bank borrowings	(1,356,320) (3,300,000)
As per Pro Forma II	<u>22,048,696</u>

**6.3 Share capital**

	Number of Ordinary Shares	Amount of Share Capital RM
As at 31 March 2023	301,211,000	30,121,100
Add: Public Issue	105,830,000	20,107,700
As per Pro Forma I	407,041,000	50,228,800
Less: Utilisation of proceeds - listing expenses	-	(1,320,381)
As per Pro Forma II	<u>407,041,000</u>	<u>48,908,419</u>

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**GLOSTREXT BERHAD  
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2023**

**6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**6.4 Retained profits**

	RM
As at 31 March 2023/As per Pro Forma I	31,490,441
Less: Utilisation of proceeds - listing expenses	(1,979,619)
As per Pro Forma II	<u>29,510,822</u>

**6.5 Term loans (Non-current)**

	RM
As at 31 March 2023/As per Pro Forma I	8,531,257
Less: Utilisation of proceeds - repayment of bank borrowings	(3,300,000)
As per Pro Forma II	<u>5,231,257</u>

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**GLOSTREXT BERHAD**

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of Glostrex in accordance with a resolution dated 3 July 2023

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "Lee Sieng Kai".

Lee Sieng Kai

A handwritten signature in black ink, appearing to read "Tan Ah Huat".

Tan Ah Huat

## **14. STATUTORY AND OTHER INFORMATION**

### **14.1 SHARE CAPITAL**

- (i) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) Save for 10,176,000 Shares under the Pink Form Allocations as disclosed in Section 4.4.1(ii),
  - (a) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
  - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iii) Save as disclosed below, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus:
  - (a) Issuance of new shares in Spectest as disclosed in Section 6.2.1(i);
  - (b) Issuance of new Shares pursuant to the Acquisition of Spectest as disclosed in Section 6.2.2; and
  - (c) New Shares to be issued under the Public Issue as disclosed in Section 4.4.1.
- (iv) Other than our Public Issue as disclosed in Section 4.4.1, there is no intention on the part of our Directors to further issue any Shares.
- (v) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

### **14.2 CONSTITUTION**

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current Listing Requirements and the Act.

#### **14.2.1 Remuneration, voting and borrowing power of Directors**

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

(i) **Remuneration of Directors**

**Clause 93 - Remuneration of Directors**

- (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
  - (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
  - (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

**(ii) Voting of Directors**

**Clause 105 – Directors' Interest in Contracts**

- (a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.
- (b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

**Clause 118 – Voting at Board Meetings**

- (1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.
- (2) Each Director is entitled to cast one (1) vote on each matter for determination.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 119 – Chairman shall have a Casting Vote**

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

**(iii) Borrowing power of Directors****Clause 95 – Borrowing, Mortgage, Issue Debentures and Lend or Advance Money**

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or
- (4)
  - (a) lend and advance money or give credit to any person or company;
  - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
  - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

**14.2.2 Changes to Share Capital****Clause 46 – Alteration of Capital**

- (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
  - (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
  - (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.



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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
  - (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or
  - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

**14.2.3 Transfer of Securities****Clause 14 - Transfer of Securities (Deposited Securities)**

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

**Clause 15 - Transmission of Securities (Deposited Securities)**

Where:

- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

**Clause 17, 18, 19 and 20 – Transfer of Shares or Debentures (Non-Deposited Securities)****Clause 17**

- (1) Subject to this Constitution and other written laws, any shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.
- (3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

**Clause 18**

- (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:
  - (a) the instrument of transfer duly executed and stamped;
  - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
  - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

**Clause 19**

- (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:
  - (a) the shares are not fully paid shares;
  - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;
  - (c) the Company has a lien on the shares; and/or
  - (d) the shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

**Clause 20**

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

**14.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights****Clause 8(1) and (3) – Variation of Rights**

- (1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:
  - (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
  - (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:
  - (a) the terms of the issue of the existing preference shares; or
  - (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

**Clause 12(1) and (2) – Issue of Securities**

- (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:
  - (a) issue and allot shares in the Company; and
  - (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):
  - (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
  - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
  - (c) for such consideration as the Directors may determine.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)****14.3 GENERAL INFORMATION**

- (i) Save for the purchase consideration paid to the shareholders of our subsidiaries pursuant to the Acquisition of Spectest as disclosed in Section 6.2, Directors' remuneration as disclosed in Section 5.2.4, dividends paid to our Promoters as disclosed in Section 11.13, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters, Director or substantial shareholder.
- (ii) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**14.4 CHANGES IN SHARE CAPITAL**

As at LPD, our share capital is RM30,121,100.00 comprising 301,211,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration</b>	<b>Cumulative share capital</b>
		<b>RM</b>	<b>RM</b>
15 February 2022	200	20.00	20.00
28 February 2023	301,210,800	30,121,080.00	30,121,100.00

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will be increased to RM50,228,800 comprising 407,041,000 Shares from the issuance of 105,830,000 Issue Shares.

The share capital of our subsidiaries is as follows.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)****14.4.1 Spectest**

As at the LPD, Spectest's share capital is RM2,590,902.50 comprising 1,055,000 ordinary shares.

The changes in the share capital of Spectest since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration</b>	<b>Cumulative share capital</b>
		<b>RM</b>	<b>RM</b>
24 March 1992	3,000	3,000.00	3,000.00
1 June 1992	750	750.00	3,750.00
30 March 1994	71,250	71,250.00	75,000.00
25 April 1997	75,000	75,000.00	150,000.00
21 June 2002	7,895	7,895.00	157,895.00
24 September 2004	92,105	92,105.00	250,000.00
2 May 2008	100,000	100,000.00	350,000.00
16 January 2014	650,000	650,000.00	1,000,000.00
10 March 2022 *	43,314	1,252,879.11	2,252,879.11
23 March 2022	11,686	338,023.39	2,590,902.50

Note:

\* Paid for via the allotment of new shares in Spectest. Additional details are set out in Section 6.2.1(i).

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Spectest. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14.4.2 Glostrex Technology**

As at the LPD, Glostrex Technology's share capital is RM1,000,000 comprising 1,000,000 ordinary shares.

The changes in the share capital of Glostrex Technology since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration</b>	<b>Cumulative share capital</b>
		<b>RM</b>	<b>RM</b>
21 April 2004	2	2.00	2.00
7 March 2005	8	8.00	10.00
2 May 2008	99,990	99,990.00	100,000.00
16 January 2014	900,000	900,000.00	1,000,000.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Glostrex Technology. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)****14.4.3 Glostrex Singapore**

As at the LPD, Glostrex Singapore's share capital is SGD1,000,000.00 comprising 1,000,000 ordinary shares.

The changes in the share capital of Glostrex Singapore since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration</b>	<b>Cumulative share capital</b>
		<b>SGD</b>	<b>SGD</b>
25 March 2009	10	10.00	10.00
12 March 2010	99,990	99,990.00	100,000.00
30 October 2013	900,000	900,000.00	1,000,000.00

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Glostrex Singapore. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14.5 CONSENTS**

- (i) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the Pro forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (iii) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report titled "Independent Market Research Report on the Geotechnical Instrumentation and Testing Industry in Singapore and Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**14.6 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) Constitution of our Company;
- (ii) The audited financial statements of the Glostrext Group for the FYEs 2020, 2021, 2022 and 2023;
- (iii) The Accountants' Report as set out in Section 12;
- (iv) The Reporting Accountants' reports relating to our pro forma consolidated statements of financial position as set out in Section 13;
- (v) The IMR Report as set out in Section 7;
- (vi) The material contracts as set out in Section 6.16; and
- (vii) The letters of consent as set out in Section 14.5.

**14.7 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.**

**Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.**

**Unless the context otherwise requires, words used in the singular include the plural, and vice versa.**

### **15.1 OPENING AND CLOSING OF APPLICATION**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M. ON 27 JULY 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M. ON 2 AUGUST 2023

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

### **15.2 METHODS OF APPLICATIONS**

#### **15.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<b>Types of Application and category of investors</b>	<b>Application Method</b>
Applications by our eligible Directors and employees as well as persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only



## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

### 15.2.2 Placement

<b>Types of Application</b>	<b>Application Method</b>
Applications by:	
(i) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

## 15.3 ELIGIBILITY

### 15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

### 15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (b) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

### **15.3.3 Application by our eligible Directors and employees as well as persons who have contributed to the success of our Group**

Our eligible Directors and employees as well as persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

### **15.4 APPLICATION BY WAY OF APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.19 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO 742**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) Despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970  
(11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in box provided at the following address:

Tricor Customer Service Centre  
Unit G-3, Ground Floor  
Vertical Podium, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 2 August 2023 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

**15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

**15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

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## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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### **15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board reserves the right to:

- (i) Reject Applications which:
  - (a) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) Are illegible, incomplete or inaccurate; or
  - (c) Are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

### **15.8 OVER / UNDER-SUBSCRIPTION**

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject the underwriting arrangements and reallocation as set out in Section 4.11 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

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**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

**15.9.1 For applications by way of Application Forms**

- (i) The application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**15.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

### **15.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

### **15.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.