

G L O S T R E X T[®]

GLOSTREXT BERHAD

(Registration No: 202201005343 (1451040-T))
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
30 JUNE 2023**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 JUNE 2023 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3-Month Ended		3-Month Ended	
	Current Year Quarter	Preceding Year Quarter	Current Year-to-date	Preceding Year-to-date
	30.06.2023	30.06.2022 ⁽²⁾	30.06.2023	30.06.2022 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	6,427	N/A	6,427	N/A
Cost of sales	(3,097)	N/A	(3,097)	N/A
Gross profit	3,330	N/A	3,330	N/A
Other income	125	N/A	125	N/A
Administrative expenses	(1,294)	N/A	(1,294)	N/A
Other expenses	(261)	N/A	(261)	N/A
Finance costs	(100)	N/A	(100)	N/A
Net reversal of impairment losses on financial assets	18	N/A	18	N/A
Profit before taxation	1,818	N/A	1,818	N/A
Income tax expense	(358)	N/A	(358)	N/A
Profit after taxation	1,460	N/A	1,460	N/A
Other comprehensive income	531	N/A	531	N/A
Total comprehensive income for the financial period	1,991	N/A	1,991	N/A
Earnings per share ⁽³⁾				
- Basic/Diluted earnings per share (sen)	0.48	N/A	0.48	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company in relation to its initial public offering ("IPO") dated 27 July 2023 ("Prospectus") and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the financial period ended 30 June 2023 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").
- (3) Basic/Diluted earnings per share ("EPS") is calculated based on the Company's share capital of 301,211,000 ordinary shares after the acquisition of Spectest Sdn Bhd ("Spectest") but before the IPO of the Company. Basic EPS and diluted EPS are the same as the Company does not have any outstanding convertible securities as at the end of the current financial quarter and financial period under review.

N/A Not applicable.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 ⁽¹⁾

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.03.2023 RM'000
Assets		
Non-current assets		
Property, plant and equipment	15,281	15,138
Investment Properties	8,588	8,632
Right-of-use assets	1,398	1,419
Deferred tax asset	44	44
Total non-current assets	25,311	25,233
Current assets		
Inventories	2,648	3,142
Trade receivables	8,704	7,403
Other receivables, deposits and prepayments	3,061	2,316
Contract assets	1,423	1,385
Current tax assets	418	304
Cash and bank balances	6,469	6,597
Total current assets	22,723	21,147
Total assets	48,034	46,380
Equity and liabilities		
Equity		
Share capital	30,121	30,121
Foreign exchange translation reserve	1,663	1,132
Restructuring reserves	(27,530)	(27,530)
Retained profits	32,951	31,491
Total equity	37,205	35,214

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D) ⁽¹⁾

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.03.2023 RM'000
Non-current liabilities		
Lease liabilities	27	53
Term loans	8,459	8,531
Deferred tax liability	176	172
Total non-current liabilities	8,662	8,756
Current liabilities		
Trade payables	160	664
Other payables and accruals	574	628
Lease liabilities	154	121
Term loans	479	497
Current tax liabilities	800	500
Total current liabilities	2,167	2,410
Total liabilities	10,829	11,166
Total equity and liabilities	48,034	46,380
Net assets per share (RM)	0.12 ⁽²⁾	0.12 ⁽²⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's number of ordinary shares after the acquisition of Spectest but before the IPO of the Company. (As at 30.06.2023: 301,211,000 shares; As at 31.03.2023: 301,211,000 shares).

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 JUNE 2023 ⁽¹⁾⁽²⁾

	Non- Distributable			Distributable	
	Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Restructuring Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Unaudited					
Balance at 1 April 2023	30,121	1,132	(27,530)	31,491	35,214
Profit after tax for the financial period	-	-	-	1,460	1,460
Other comprehensive income for the financial period:					
- Foreign currency translation differences	-	531	-	-	531
Total comprehensive income for the financial period	-	531	-	1,460	1,991
Balance at 30 June 2023	30,121	1,663	(27,530)	32,951	37,205

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report
- (2) There are no comparative figures available for the preceding year corresponding period as this is the first interim financial report for the financial period ended 30 June 2023 announced by the Company in compliance with the Listing Requirements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2023 ⁽¹⁾**

	Current Year-to-date 30.06.2023 RM'000	Preceding Year-to-date 30.06.2022 ⁽²⁾ RM'000
Cash flows from operating activities		
Profit before taxation	1,818	N/A
Adjustments for:		
Depreciation of:		
- property, plant and equipment	384	N/A
- investment properties	44	N/A
- right-of-use assets	57	N/A
Impairment losses on trade receivables	14	N/A
Interest expenses on financial liabilities that are not at fair value through profit or loss:		
- term loans	96	N/A
Interest expense on lease liabilities	4	N/A
Unrealised loss on foreign exchange	4	N/A
Gain on disposal of property, plant and equipment	(12)	N/A
Reversal of impairment losses on trade receivables	(32)	N/A
Operating profit before working capital changes	2,377	N/A
Increase in contract assets	(4)	N/A
Decrease in inventories	519	N/A
Increase in trade and other receivables	(1,837)	N/A
Decrease in trade and other payables	(579)	N/A
Cash from operations	477	N/A
Net income tax paid	(194)	N/A
Net cash from operating activities	283	N/A
Cash flows for investing activities		
Proceeds from disposal of property, plant and equipment	21	N/A
Purchase of property, plant and equipment	(322)	N/A
Net cash for investing activities	(301)	N/A

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2023 (CONT'D) ⁽¹⁾**

	Current Year-to-date 30.06.2023 RM'000	Preceding Year-to-date 30.06.2022 ⁽²⁾ RM'000
Cash flows for financing activities		
Interest paid	(100)	N/A
Repayment of lease liabilities	(29)	N/A
Repayment of term loans	(91)	N/A
Net cash for financing activities	(220)	N/A
Net decrease in cash and bank balances	(238)	N/A
Cash and bank balances at beginning of the financial period	6,597	N/A
Exchange rate adjustment	110	N/A
Cash and bank balances at end of the financial period	6,469	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the financial period ended 30 June 2023 announced by the Company in compliance with the Listing Requirements.
- N/A Not applicable.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements of Glostrex Berhad (“Glostrex” or the “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report on the Group’s results for the first quarter ended 30 June 2023 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year corresponding period.

The interim financial reports should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

A2 Significant Accounting Policies

The accounting policies and presentations adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 March 2023 as disclosed in the Accountants’ Report in the Prospectus.

The Group has not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ended 31 March 2023:

**MFRSs and/or Interpretations Committee (“IC”) Interpretations
(Including the Consequential Amendments)**

Effective Date

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 Noncurrent	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 financial statements of the Group.

A3 Auditors’ Report on Preceding Annual Financial Statements

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 March 2023.

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A4 Seasonal and Cyclical Factors

The business operations of the Company are not materially affected by any seasonal or cyclical factors during the current financial quarter and current financial year-to-date.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and the current financial year-to-date.

A6 Material Changes in Estimates

There were no material changes in estimates that have a material effect on the current financial quarter and current financial year-to-date.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A8 Dividends Paid

There were no dividends paid during the current financial quarter and financial period under review.

A9 Segmental Information

The Group is geotechnical instrumentation service provider, where the Group provides piling, structural and geotechnical related services, covering instrumentation, testing and monitoring services to construction projects as well as completed buildings and infrastructure.

Segmental revenue presented based on principal business activities is as follows:-

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000 ⁽¹⁾	Current Year-to-date 30.06.2023 RM'000	Preceding Year-to-date 30.06.2022 RM'000 ⁽¹⁾
Pile Instrumentation and Static Load Test Services	5,366	N/A	5,366	N/A
Structural and Ground Instrumentation and Monitoring services	941	N/A	941	N/A
Others	120	N/A	120	N/A
Total	6,427	N/A	6,427	N/A

Note:

(1) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the first quarter ended 30 June 2023 announced by the Company in compliance with Listing Requirements.

N/A Not applicable.

A9 Segmental Reporting (Cont'd)

Segmental revenue presented based on the country in which the customers are located is as follows:

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter	Preceding Year Quarter	Current Year-to-date	Preceding Year-to-date
	30.06.2023 RM'000	30.06.2022 RM'000 ⁽¹⁾	30.06.2023 RM'000	30.06.2022 RM'000 ⁽¹⁾
Singapore	4,595	N/A	4,595	N/A
Malaysia	1,812	N/A	1,812	N/A
Cambodia	20	N/A	20	N/A
Total	6,427	N/A	6,427	N/A

Note:

(1) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the first quarter ended 30 June 2023 announced in compliance with Listing Requirements.

N/A Not applicable

A10 Capital Commitments

There were no material capital commitments in respect of property, plant and equipment as at 30 June 2023.

A11 Material Events after the End of the Reporting Period

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken the IPO comprising:

- (I) Public issue of 105,830,000 new Ordinary Shares in our company ("Shares") in the following manner:
 - (a) 20,352,000 new Shares available for application by the Malaysian public;
 - (b) 10,176,000 new Shares available for application by our eligible Directors and employees as well as persons who have contributed to the success of our Group;
 - (c) 75,302,000 new Shares by way of private placement to selected investors; and
- (II) Offer for sale of 16,281,000 existing Shares by way of private placement to selected investors.

at an issue/offer price of RM0.19 per Share, payable in full upon application.

Upon completion of the IPO, the issued share capital of the Company will increase to RM50,228,800 comprising 407,041,000 Shares.

Pursuant thereto, the Company's entire enlarged share capital is expected to be listed and quoted on the ACE Market of Bursa Securities on 15 August 2023.

Save as disclosed above, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

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A12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter and the financial year-to-date.

A13 Contingent Liabilities and Contingent Assets

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A14 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000	Current Year-to-date 30.06.2023 RM'000	Preceding Year-to-date 30.06.2022 RM'000
Key Management Personnel				
Rental of premise	33	N/A	33	N/A

Note:

N/A Not applicable.

PART B - ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Group's Performance

The Group recorded revenue of RM6.4 million and profit before tax of RM1.82 million for the current financial quarter. Singapore was the Group's largest market, contributing to approximately 71.5% of the Group's revenue in the current financial quarter.

No comparative figures for the preceding year corresponding quarter are available as this is the first interim financial report for the first quarter ended 30 June 2023 announced by the Company in compliance with the Listing Requirements.

B2 Comparison with Immediate Preceding Quarter

No comparative figures available for the immediate preceding quarter as this is the first interim financial report for the first quarter ended 30 June 2023 announced by the Company in compliance with the Listing Requirements.

B3 Prospects

Pile instrumentation and static load test services are mainly provided to customers in Malaysia and Singapore, while the structural and ground instrumentation and monitoring services are mainly provided to customers in Malaysia. As disclosed in the Prospectus, the Group intends to focus on the following future plans and business strategies for the future growth and expansion of its business:

- (a) expand its structural and ground instrumentation and monitoring business into Singapore, with the focus on promoting the off-site structural and ground instrumentation and monitoring services using its Glostrest WiNA platform. Such offering is in line with the current trend as many businesses and companies are seeking automation to, amongst others, increase operational efficiency and reduce reliance on manpower;
- (b) enhance the Group's service offerings with R&D to enhance the automation levels in its service provision to increase the Group's operational efficiency; and
- (c) increase the Group's sales and marketing activities to create greater awareness for geotechnical instrumentation services.

An increase in public and private spending on infrastructure development in the region is expected to drive the growth of the geotechnical instrumentation and monitoring market. In Malaysia, with the completion of MRT1 and 2, MRT Corp Development Building Control (DBC) has released the "Instrumentation & Monitoring Guidelines for Works Within MRT Railway Protection Zone", December 2018 Edition with respect to the needs of monitoring. As demand for geotechnical instrumentation and testing services is expected to grow, the Group is well-positioned to capture these business opportunities.

B4 Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or guarantee during the current financial quarter under review and the financial year to-date.

B5 Taxation

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 ⁽¹⁾ RM'000	Current Year-to-date 30.06.2023 RM'000	Preceding Year-to-date 30.06.2022 ⁽¹⁾ RM'000
Current tax expense	358	N/A	358	N/A
Deferred tax expense	-	N/A	-	N/A
	<u>358</u>	<u>N/A</u>	<u>358</u>	<u>N/A</u>
Effective tax rate	19.7% ⁽²⁾	N/A	19.7% ⁽²⁾	N/A

Notes:

- (1) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the first quarter ended 30 June 2023 announced by the Company in compliance with the Listing Requirements.
- (2) The Group's effective tax rate was lower than the statutory tax rate of 24% mainly due to Singapore statutory tax rate of 17%.

B6 Status of Corporate Proposals

Save as disclosed in Note A11, there were no other corporate proposals announced by the Company but not completed as at the date of this report.

B7 Utilisation of Proceeds

The gross proceeds from the Company's IPO amounting to RM20.11 million is intended to be utilised in the following manner:

Details of Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation ⁽¹⁾ RM'000	Estimated Timeframe for Utilisation upon Listing ⁽¹⁾
Business expansion and working capital	11,708	-	Within 36 months
Research and development	1,800	-	Within 36 months
Repayment of bank borrowings	3,300	-	Within 3 months
Estimated listing expenses	3,300	-	Within 1 month
Total	<u>20,108</u>	<u>-</u>	

Note:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus. As at the date of this interim financial report, the IPO is pending completion and hence there was no utilisation of proceeds from the IPO.

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2023 are as follows:

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.03.2023 RM'000
Non-current		
<u>Secured</u>		
Term loans	8,459	8,531
<u>Unsecured</u>		
Lease liabilities	27	53
	8,486	8,584
Current		
<u>Secured</u>		
Term loans	479	497
<u>Unsecured</u>		
Lease liabilities	154	121
	633	618
Total borrowings	9,119	9,202

B9 Derivatives

The Group has no outstanding derivatives as at 30 June 2023.

B10 Material Litigation

There were no material litigations pending as at the date of this interim financial report.

B11 Earnings Per Share

The basic and diluted earnings per share for the current and cumulative quarter is computed as follows:

		Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
		Current Year Quarter 30.06.2023	Preceding Year Quarter 30.06.2022 ⁽²⁾	Current Year-to-date 30.06.2023	Preceding Year-to-date 30.06.2022 ⁽²⁾
Profit after tax	(RM'000)	1,460	N/A	1,460	N/A
Number of ordinary shares	('000)	301,211	N/A	301,211	N/A
Basic/Diluted earnings per share ⁽¹⁾	(sen)	0.48	N/A	0.48	N/A

Notes:

- (1) Basic/Diluted earnings per share is calculated based on the Company's total number of 301,211,000 ordinary shares as at 30 June 2023. Basic EPS and diluted EPS are the same as the Company does not have any outstanding convertible securities as at the end of the current quarter and period under review.
- (2) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the first quarter ended 30 June 2023 announced in compliance with the Listing Requirements.

N/A Not applicable.

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

Profit before tax has been arrived at after (crediting) charging:

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 ⁽¹⁾ RM'000	Current Year-to-date 30.06.2023 RM'000	Preceding Year-to-date 30.06.2022 ⁽¹⁾ RM'000
Depreciation of:				
- property, plant and equipment	384	N/A	384	N/A
- investment properties	44	N/A	44	N/A
- right-of-use assets	57	N/A	57	N/A
Impairment losses on trade receivables	14	N/A	14	N/A
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- term loans	96	N/A	96	N/A
Interest expense on lease liabilities	4	N/A	4	N/A
Realised loss on foreign exchange	11	N/A	11	N/A
Unrealised loss on foreign exchange	4	N/A	4	N/A
Gain on disposal of property, plant and equipment	(12)	N/A	(12)	N/A
Reversal of impairment losses on trade receivables	(32)	N/A	(32)	N/A

Save as disclosed above, the other disclosure items as required under paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

Notes:

(1) There are no comparative figures available for the preceding year corresponding quarter and period as this is the first interim financial report for the first quarter ended 30 June 2023 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

B13 Dividends

The Board of Directors of the Company did not declare or recommend any dividend during the current financial quarter.

BY ORDER OF THE BOARD

GLOSTREXT BERHAD

11 August 2023