

NEXGRAM HOLDINGS BERHAD
(Company No. 660055-H)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 JANUARY 2018**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JANUARY 2018 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2017 RM	CURRENT YEAR TO-DATE 31 JANUARY 2018 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2017 RM
Revenue		10,339,124	9,659,239	20,920,099	23,090,901
Operating expenses		(10,468,504)	(12,351,337)	(20,375,316)	(24,022,573)
Profit/ (Loss) from operations		(129,380)	(2,692,098)	544,783	(931,672)
Depreciation and amortisation		(1,651,011)	(2,979,990)	(4,586,027)	(6,138,571)
Share of profit from associate		(1,152,914)	(275,523)	(348,361)	(44,892)
Finance costs		(973,856)	(1,023,215)	(1,960,067)	(2,142,014)
Interest income		50,680	38,161	108,717	67,278
Loss before taxation		(3,856,481)	(6,932,665)	(6,240,955)	(9,189,871)
Taxation	B5	(690)	5,530	46,039	43,266
Loss for the period		(3,857,171)	(6,927,135)	(6,194,916)	(9,146,605)
Other comprehensive (loss)/ profit, net of tax					
Foreign currency translation		(11,646,119)	7,205,048	(11,876,268)	4,680,793
Loss on fair value changes of available-for-sale financial assets		-	-	-	-
		(11,646,119)	7,205,048	(11,876,268)	4,680,793
Total comprehensive (loss)/ profit for the period, net of tax		(15,503,290)	277,913	(18,071,184)	(4,465,812)
Loss for the period attributable to:					
Equity holders of the Company		(3,334,458)	(6,186,962)	(6,231,725)	(8,487,594)
Non-controlling interests		(522,713)	(740,173)	36,809	(659,011)
Loss for the period		(3,857,171)	(6,927,135)	(6,194,916)	(9,146,605)
Total comprehensive loss attributable to:					
Equity holders of the Company		(14,980,577)	146,416	(18,107,993)	(4,531,829)
Non-controlling interests		(522,713)	131,497	36,809	66,017
Total comprehensive (loss)/ profit for the period		(15,503,290)	277,913	(18,071,184)	(4,465,812)
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B12	(0.18)	(0.33)	(0.33)	(0.45)
- Diluted (sen)		-	-	-	-

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2017 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 18)

NEXGRAM HOLDINGS BERHAD

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(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2018**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 31 JANUARY 2018 (UNAUDITED) RM	AT 31 JULY 2017 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	10,415,222	12,178,167
Land held for property development	73,055,429	72,744,361
Investment properties	87,789,574	87,837,547
Development expenditure	662,184	915,968
Intangible assets	3,336,011	5,942,790
Goodwill on consolidation	59,810,612	59,810,612
Investment in associate	265,988	614,349
Other investment	25,665,283	28,078,161
Deferred tax assets	21,961	21,961
Total non-current assets	261,022,264	268,143,916
Current assets		
Inventories	3,918,379	4,272,546
Trade and other receivables	37,451,750	36,361,192
Other receivables, deposits and prepayments	5,311,890	5,817,778
Amount due from customers	3,685,192	3,685,192
Amount due from associate company	2,057,548	3,560,229
Tax recoverable	1,916,223	1,552,513
Fixed deposits with a licensed bank	6,181,928	7,147,289
Cash and bank balances	3,998,549	4,449,348
Total current assets	64,521,459	66,846,087
Total assets	325,543,723	334,990,003
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent:		
Share capital	94,156,724	94,156,724
Reserves	69,902,952	72,650,443
Retained earnings	25,738,186	31,969,911
	189,797,862	198,777,078
Non-controlling interests	8,325,053	8,288,244
Total equity	198,122,915	207,065,322
LIABILITIES		
Non-current liabilities		
Hire purchase creditors	3,735,041	4,009,926
Term loans	50,561,530	51,588,653
Deferred tax liabilities	1,174,349	1,053,413
Total non-current liabilities	55,470,920	56,651,992
Current liabilities		
Trade payables	28,380,036	29,253,570
Other payables and accruals	21,499,286	18,161,804
Hire purchase creditors	3,087,879	3,083,106
Term loans	8,415,825	8,741,677
Borrowings	631,048	1,487,594
Bank overdraft	2,854,387	3,351,635
Tax payable	7,081,427	7,193,303
Total current liabilities	71,949,888	71,272,689
Total liabilities	127,420,808	127,924,681
Total equity and liabilities	325,543,723	334,990,003
Net assets per share attributable to ordinary equity holders of the Company (sen)	10.08	10.56

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2017 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 18)

NEXGRAM HOLDINGS BERHAD

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(Incorporated in Malaysia)

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ENDED 31 JANUARY 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<----- Attributable to owners of the parent ----->

	Non-Distributable						Distributable		Non-controlling interests RM	Total equity RM	
	Share capital RM	Share premium RM	Warrants reserve RM	Fair value reserve RM	Capital reserve RM	Treasury share RM	Translation reserve RM	Retained earnings RM			Total RM
At 1 August 2017	94,156,724	5,460,724	6,281,395	(1,863,010)	94,156,725	(245,000)	(31,140,391)	31,969,911	198,777,078	8,288,244	207,065,322
Transaction with owners:											
- Foreign currency translation	-	-	-	-	-	-	9,128,777	-	9,128,777	-	9,128,777
Total transactions with owners	-	-	-	-	-	-	9,128,777	-	9,128,777	-	9,128,777
Loss for the financial period	-	-	-	-	-	-	-	(6,231,725)	(6,231,725)	36,809	(6,194,916)
Other comprehensive loss for the period	-	-	-	-	-	-	(11,876,268)	-	(11,876,268)	-	(11,876,268)
Total comprehensive (loss)/ income for the financial period	-	-	-	-	-	-	(11,876,268)	(6,231,725)	(18,107,993)	36,809	(18,071,184)
At 31 January 2018	<u>94,156,724</u>	<u>5,460,724</u>	<u>6,281,395</u>	<u>(1,863,010)</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(33,887,882)</u>	<u>25,738,186</u>	<u>189,797,862</u>	<u>8,325,053</u>	<u>198,122,915</u>
At 1 August 2016	94,156,724	5,460,724	6,281,395	(1,268,270)	94,156,725	(243,500)	(27,843,234)	49,143,539	219,844,103	8,959,946	228,804,049
Prior year adjustment	-	-	-	-	-	-	-	117,154	117,154	-	117,154
	94,156,724	5,460,724	6,281,395	(1,268,270)	94,156,725	(243,500)	(27,843,234)	49,260,693	219,961,257	8,959,946	228,921,203
Transaction with owners:											
- Share buy back	-	-	-	-	-	(1,500)	-	-	(1,500)	-	(1,500)
- Foreign currency translation	-	-	-	-	-	-	4,811,162	-	4,811,162	-	4,811,162
Total transactions with owners	-	-	-	-	-	(1,500)	4,811,162	-	4,809,662	-	4,809,662
Loss for the financial period	-	-	-	-	-	-	-	(17,290,782)	(17,290,782)	(671,702)	(17,962,484)
Other comprehensive loss for the period	-	-	-	(594,740)	-	-	(8,108,319)	-	(8,703,059)	-	(8,703,059)
Total comprehensive loss for the financial period	-	-	-	(594,740)	-	-	(8,108,319)	(17,290,782)	(25,993,841)	(671,702)	(26,665,543)
At 31 July 2017	<u>94,156,724</u>	<u>5,460,724</u>	<u>6,281,395</u>	<u>(1,863,010)</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(31,140,391)</u>	<u>31,969,911</u>	<u>198,777,078</u>	<u>8,288,244</u>	<u>207,065,322</u>

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2017 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 18)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	CUMULATIVE QUARTER	
	CURRENT YEAR TO-DATE 31 JANUARY 2018	PRECEDING YEAR TO-DATE 31 JANUARY 2017
	RM	RM
Cash flows from operating activities		
Loss before taxation	(6,240,955)	(9,189,871)
Adjustments for non-cash flow:		
Non-cash items	4,892,391	5,705,020
Finance costs	1,960,067	2,142,014
Interest income	(108,717)	(67,278)
Operating profit before working capital changes	<u>502,786</u>	<u>(1,410,115)</u>
Changes in working capital:		
Net change in current assets	443,156	(3,390,817)
Net change in current liabilities	2,695,531	9,456,207
Cash generated from operations	<u>3,641,473</u>	<u>4,655,275</u>
Interest paid	(1,960,067)	(2,142,014)
Income tax paid	(308,611)	(826,831)
Net cash from operating activities	<u>1,372,795</u>	<u>1,686,430</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,791)	133,997
Proceeds from disposal of property, plant and equipment	90,000	3,000
Net cash used in investing activities	<u>79,209</u>	<u>136,997</u>
Cash flows from financing activities		
Issuance of share	-	(1,500)
Interest received	108,717	67,278
Repayment of hire purchase creditors	(270,112)	(897,695)
Drawdown of fixed deposit	965,361	-
Placement of fixed deposit	-	(1,446,171)
Repayment of borrowings	(856,546)	-
Repayment of term loans	(1,352,975)	(1,184,333)
Net cash from financing activities	<u>(1,405,555)</u>	<u>(3,462,421)</u>
Net increase in cash and cash equivalents	46,449	(1,638,994)
Cash and cash equivalents at 1 May	1,097,713	4,973,042
Translation differences	-	-
Cash and cash equivalents at end of period	<u>1,144,162</u>	<u>3,334,048</u>
Cash and cash equivalents comprise of :-		
Cash and bank balances	3,998,549	5,489,265
Bank overdraft	(2,854,387)	(2,155,217)
	<u>1,144,162</u>	<u>3,334,048</u>

(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 July 2017 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 18)

NEXGRAM HOLDINGS BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 JANUARY 2018

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the latest audited financial statements of Nexgram Holdings Berhad (“Nexgram” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 July 2017.

The accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 July 2017.

A2. Qualification of financial statements

There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 31 July 2017.

A3. Seasonal or cyclical factors

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A5. Material changes in estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the current quarter under review.

NEXGRAM HOLDINGS BERHADCompany No. 660055-H
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ENDED 31 JANUARY 2018****A6. Debts and equity securities**

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

A7. Dividend paid

There was no dividend paid during the current quarter under review.

A8. Segmental information

The segmental analysis of revenue and profit before taxation of the Group for the financial period ended 31 January 2018 is tabulated below:

Segment	ICT RM	Property Investments RM	Logistics RM	Elimination RM	Total RM
Revenue	15,733,681	1,963,264	3,389,067	(165,913)	20,920,099
Loss before taxation	(4,181,162)	(1,479,989)	(579,804)	-	(6,240,955)

A9. Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Valuation of investment properties

The Group did not revalue any of its investment properties during the current quarter under review.

A11. Material events subsequent to the end of the quarter

As at the date of the report, being the latest practicable date of this Report, there is no material events subsequent to the quarter ended 31 January 2018.

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A12. Changes in composition of the Group

Other than as disclosed below, there were no changes in the composition of the Group during the financial period ended 31 January 2018.

a) Acquisition of 100% equity interest in Jumbovest Sdn. Bhd. (“JSB”)

On 26 October 2017, the company had acquired RM1.00 entire issued capital of JSB to become a wholly-owned subsidiary of the Company.

b) Acquisition of 100% equity interest in Vertical Paradise Sdn. Bhd. (“VPSB”)

On 28 November 2017, the company had acquired RM2.00 entire issued capital of VPSB from Company’s wholly-owned subsidiary Nexgram Land Sdn. Bhd. at the cost of RM2.00, thus making VPSB now a wholly-owned subsidiary of the Company.

A13. Contingent assets or liabilities

Save as disclosed below, the Company does not have any contingent assets or liabilities as at the date of the report.

	RM
<u>Contingent liability :</u>	
Corporate guarantee granted to subsidiary companies	<u>60,316,449</u>

A14. Capital commitments

There were no capital commitments during the period under review.

NEXGRAM HOLDINGS BERHADCompany No. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2018****ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING
REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

	Individual Period (2 nd Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31 Jan 2018 RM'000	31 Jan 2017 RM'000		31 Jan 2018 RM'000	31 Jan 2017 RM'000	
Revenue	10,339	9,659	7.04	20,920	23,091	(9.40)
Operating profit/(loss)	(129)	(2,692)	(95.21)	545	(932)	(>100)
Loss before interest and tax	(2,933)	(5,948)	50.69	(4,389)	(7,115)	(38.31)
Loss before tax	(3,856)	(6,933)	(44.38)	(6,241)	(9,190)	(32.09)
Loss after tax	(3,857)	(6,927)	(44.32)	(6,195)	(9,147)	(32.27)
Loss attributable to Ordinary Equity Holders of the parent	(3,334)	(6,187)	(46.11)	(6,232)	(8,488)	(26.58)

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B1. Review of performance (cont'd)

(a) Performance of the current quarter/ period against the preceding year corresponding quarter/ period

The Group recorded revenue of RM10.34 million in the current 3-months financial period ended 31 January 2018 as compared to RM9.66 million reported in the previous year corresponding period. The Group's revenue increased by 7.04% mainly increase in revenue from a subsidiary involved in dealing with a wide-ranging choice of security and video surveillance equipment.

The Group recorded a loss before taxation of RM3.86 million for the current 3-months financial period ended 31 January 2018 as compared to a loss before taxation of RM6.93 million reported in the previous year corresponding period. The decrease in loss before taxation recorded in the current quarter was mainly due to drop in contribution of loss from property division.

The unaudited interim financial report for the current quarter ended 31 January 2018 has not taken into consideration of the information from one of the 70% owned subsidiary, Blue Hill Developments Sdn Bhd due to the material litigation as disclosed in Note B10.

(b) Performance of the financial year-to-date against preceding year corresponding period

The Group's revenue of RM20.92 million in the current 6-months financial period ended 31 January 2018 as compared to RM23.09 million reported in the previous year corresponding period. The Group's revenue decreased by 9.40% mainly decrease in revenue from property division.

The Group recorded a loss before taxation of RM6.24 million for the current 6-months financial period ended 31 January 2018 as compared to a loss before taxation of RM9.19 million reported in the previous year corresponding period. The decrease in loss before taxation recorded in the current quarter was mainly due to reduced in loss from property division.

The unaudited interim financial report for the financial year-to-date ended 31 January 2018 has not taken into consideration of the information from one of the 70% owned subsidiary, Blue Hill Developments Sdn Bhd due to the material litigation as disclosed in Note B10.

NEXGRAM HOLDINGS BERHADCompany No. 660055-H
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	Current Quarter 31 Jan 2018 RM'000	Immediate Preceding Quarter 31 Oct 2017 RM'000	Changes %
Revenue	10,339	10,581	(2.29)
Operating profit/(loss)	(129)	674	(>100.00)
Loss before interest and tax	(2,933)	(1,456)	>100.00
Loss before tax	(3,856)	(2,384)	61.74
Loss after tax	(3,857)	(2,338)	64.97
Loss attributable to Ordinary Equity Holders of the parent	(3,334)	(2,897)	15.08

For the current quarter ended 31 January 2018, the Group recorded revenue of RM10.34 million as compared to RM10.58 million recorded in the previous quarter ended 31 October 2017. The Group's revenue slightly decreased by 2.29% mainly decrease in revenue from a subsidiary involved in logistics.

The Group recorded a loss before taxation of RM3.86 million for the current quarter ended 31 January 2018 as compared to loss before taxation of RM2.38 million recorded in the previous quarter ended 31 October 2017. The increase in loss mainly due to ICT division and subsidiary involved in dealing with a wide-ranging choice of security and video surveillance equipment.

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B2. Current year's prospect

The Company remained focus in the ICT segment, as the segment is in the midst of discussion on the several material projects with the potential customers from government and non-government sectors, the goods and services demand will be in providing security system and protection equipments. Sensorlink Holdings Sdn. Bhd. and its subsidiaries being the main contributor in this segment.

Whereby, the Group has earlier diversified into property development business. For the costs effective and efficiency working towards the success of the Angkasa Icon City Project, the Group had restructured by engaging its own project management team. With the recent new requirement in changes in the design and development plan by Myangkasa Bina Sdn Bhd (“MyAngkasa”), which its ultimately 100% owned by Angkatan Koperasi Kebangsaan Malaysia Bhd being the sole Purchaser of the Angkasa Icon City, the Group is in the midst of finalising the resubmission for approval.

Beside the above-mentioned businesses, the Group is also currently looking for potential partners to widen its business opportunities to expand its sources of income and profitability. On 12 March 2018, the Company entered into a Strategic Cooperation Framework Agreement (“SCFA”) with Jiangsu Tongguang Optical Fiber Cable Co., Limited (“JTOCC”), a subsidiary of Jiangsu Tongguang Electronic Wire & Cable Co. Ltd. (“JTEWCC”) (a company listed in Shenzhen, China) for duration of 1 year and the renewal is subject to mutual agreement in the future. By entering into this SCFA, the Company will be the sole distributor and hub for JTOCC in the Malaysian market.

JTOCC is involved in the distribution of communications cables, radiofrequency coaxial cables, high temperature resistant wires and cables for aerospace, aluminium-alloy electrical cables, submarine optical fibre cables and other optical cables. These products are widely used by many foreign countries worldwide including in Malaysia and hence this will create better opportunities for the Company to enhance its ICT segment’s revenues JTOCC was looking for strategic partner to penetrate into the Malaysian market.

On 29 March 2018, the wholly-owned subsidiary of the Company, Nexgram Industries Sdn Bhd had entered into a formal agreement Strategic Partnership & Distribution Agreement (“SPDA”) with JTOCC.

As at the date of this announcement, the Company has yet to commence the distribution of JTOCC products in Malaysia and is expecting to kick-start by the second half of 2018.

Notwithstanding the above SCFA and SPDA with JTOCC, the Group is continuously looking into other potential business partnership opportunities.

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B3. Variance of actual profit from forecast profit

The Group has not published or issued any profit forecast for the current period and financial year as at the date of the report.

B4. Loss before tax is stated after charging/ (crediting):

	Quarter ended 31.01.18 RM	Year to date 31.01.18 RM
Amortisation of development expenditure	121,480	253,754
Amortisation of intangible assets	677,417	2,606,780
Depreciation of property, plant and equipment	852,115	1,725,494
Gain on disposal of asset held for sale	-	-
Gain on disposal of property, plant equipment	(90,000)	(90,000)
Gain or loss on derivatives	-	-
Impairment of assets	-	-
Interest expense	973,856	1,960,067
Interest income	(50,680)	(108,717)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Realised gain on foreign exchange	(154,770)	(154,770)

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.01.18 RM	31.01.17 RM	31.01.18 RM	31.01.17 RM
Current period's provision	-	-	-	-
Deferred tax provision	(690)	5,530	46,039	43,266
Total	(690)	5,530	46,039	43,266

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B6. Status of corporate proposals and utilisation of proceeds

As at the date of the report, being the latest practicable date of this Report, there were no other corporate proposals announced by the Company and pending for completion except the following:-

On 21 September 2016, on behalf of Nexgram Holdings Berhad (“the Company”), M&A Securities Sdn Bhd (“M&A”) announced that the Company proposed to undertake a private placement of up to 10% of the existing issued and paid-up share capital of the Company (“Proposed Private Placement”).

On 21 September 2017 and 15 January 2018, M&A on behalf of the Board of Directors of the Company announced that the Company intends to vary the utilisation of proceeds to be raised from Proposed Private Placement.

For illustrative purposes, the earlier tabulation by assuming the Placement Shares are issued at an indicative issue price of RM0.04 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of RM7.52 million. The proceeds raised are expected to be utilised in the following manner:

	<u>RM'000</u>	<u>Expected time frame for utilisation of proceeds (from listing date)</u>
Repayment of bank borrowings	2,000 (i)	Within six (6) months
Working capital	5,213 (ii)	Within six (6) months
Estimated expenses for the Proposed Private Placement	310 (iii)	Immediately
Total estimated proceeds	<u>7,523</u>	

On 22 March 2018, M&A on behalf of the Board of Directors of the Company announced for the further details on the additional information pursuant to the Proposed Private Placement.

On 26 March 2018, M&A on behalf of the Board of Directors of the Company announced that Bursa Malaysia Securities Berhad approved on the Proposed Private Placement up to 188,070,400 new shares.

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Save as disclosed below, the Group does not have any loan outstanding or created, convertible debt securities, mortgages or charges outstanding as at 31 January 2018.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	14,989,139	54,296,571

The above borrowings are in the Malaysian currencies. There has been no default on payment of either interest and/or principal sum, in respect of the abovementioned borrowings throughout the past one (1) financial year.

B8. Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at the date of the report except below:

The Company has applied to struck off under S550, Companies Act 2016, the following sub-subsidiaries from the Registrar:

- (i) Gates Mobility Sdn Bhd;
- (ii) Gates Connectivity Sdn Bhd;
- (iii) Usape Nelson Wireless Sdn Bhd;
- (iv) Nextnation Services Sdn Bhd; and
- (v) Kotaemas Edaran Sdn Bhd.

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B10. Material litigation

There is no material litigation as at the date of the report except following:

- (a) Nexgram Land Sdn Bhd (“NLand”) a wholly-owned subsidiary of the Company had on 18 July 2017 received a sealed Writ of Summons dated 13 July 2017 (“the Writ”) and the Statement of Claim dated 12 July 2017 for RM12.5 million from Spacious Glory Sdn. Bhd.'s (“Plaintiff”) Solicitors.

The Plaintiff is claiming purchase consideration sum of RM12.5 million from NLand (“Defendant”), on the purchase of 770,000 ordinary shares, representing 70% stake acquired in Blue Hill Development Sdn. Bhd. (“Blue Hill”) by NLand from the Plaintiff pursuant to the Sale and Purchase Agreement dated 14 April 2016 (“SPA”).

The Statement of Claim had been categorically denied and disputed by the Company or NLand and NLand had at the same time on 21 August 2017 filed a counter-claim against the Plaintiff for breach of warranties especially with regard to the no-litigations (current or future, written or verbal, and apparent, contingent or threatened) confirmation made by its director during the due diligence exercise prior to signing of the SPA of the shares in Blue Hill between Plaintiff and NLand.

- (b) NLand had filed an application to remove the Plaintiff’s Solicitors by reasons of them having the confidential information regarding the transaction between NLand and the Plaintiff while they were acting as the Solicitors advising the Company on a legal opinion sought by the Company pertaining to a report pertaining to the transaction along with other matters (“Case Management”).

However, NLand application had been dismissed by the High Court and NLand had filed an appeal on the decision of the High Court to the Court of Appeal. The case management in the Court of Appeal has been fixed on 3 January 2018. NLand had also filed an application for stay of proceeding pending the full disposal of the appeal at the Court of Appeal. The High Court has fixed 11 January 2018 as the date of hearing of the application.

The Plaintiff had on 28 December 2017 through its new Solicitors served the Defendant’s Solicitors Notice of Change of Solicitors. As a result, the Defendant Appeal and its application for Stay of Proceeding pending appeal have then become academic. Consequently, the Defendant had on 3rd January 2018 withdrawn the Appeal and subsequently filed the Notice of Discontinuance in respect thereto.

The Defendant’s application for stay of proceeding had also been withdrawn.

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B10. Material litigation (cont'd)

- (c) Both the Plaintiff and the Defendant had subsequently filed Order 14 Applications for summary judgment in respect of the Main Suit and the Counter-Claim respectively on 2 March 2018.

Hearing of both Order 14 Applications were fixed on 2 March 2018 and the decisions for the two Order 14 Applications have been fixed by the Honourable Court on 3 April 2018.

The Honourable Court has also fixed the full trial dates for both the Main Suit and the Counter-Claim from 4 June 2018 to 8 June 2018, in the event the Order 14 Applications of either or both of the Parties are dismissed by the Court on 3 April 2018.

- (d) Blue Hill, a 70% owned subsidiary of the Company has received multiple Writs of Summons and the Statement of Claims for a total of RM2.83 million from the respective Plaintiffs' Solicitors stated hereunder.

Blue Hill had obtained a restraining order from the Court of Appeal dated 29 August 2017 that a meeting of the creditors of Blue Hill be convened within 3 months from the date of the Order (with liberty to apply to the High Court to seek further extension of time) to consider if thought fit, approve a scheme of arrangement to proposed between Blue Hill and its creditors.

On 26 July 2017, Blue Hill filed an ex-parte originating summons in the High Court contending that Blue Hill is essentially seeking orders under Section 366 and 368 of the Companies Act 2016 to put a proposed scheme of arrangement to its creditors as a better alternative to winding up Blue Hill.

On 28 July 2017, the High Court dismissed Enclosure 1. Upon an appeal to the Court of Appeal against this High Court decision dated 28 July 2017, on 29 August 2017 the Court of Appeal granted such orders sought by Blue Hill in Enclosure 1 on an ex parte basis.

As stated above, the Court of Appeal Order dated 29 August 2017 is effective for 3 months from the date of the said Order and it was subsequently extended by the Impugned Ex-Parte Order.

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B10. Material litigation (cont'd)

On 9 February 2018 the Company received Notice of Meeting of Scheme Creditors dated 5 February 2018 from Blue Hill.

On 23 February 2018 the Company (*being one of the creditors of Blue Hill*) had filed an application to intervene the application by Blue Hill for the scheme of arrangement with its creditors on the basis among other things that Blue Hill did not make a full and frank disclosure in the information paper about the scheme of arrangement that was circulated to its creditors. At the hearing of the Company's application to intervene, Blue Hill's counsel had requested to reply to the Affidavit in Support filed by the Company.

Blue Hill has issued notice to call for Creditor's Meeting on 27 February 2018 for the scheme of arrangement. The said proposal was approved by the Creditors.

The Court has granted Blue Hill's counsel request to reply to the Affidavit in Support and further grant the Company the right to reply to Blue Hill's Affidavit in Reply. The Honourable Court has fixed 20 April 2018 as the hearing date of the Company's Application to oppose Blue Hill's application for the scheme of arrangement.

As the Restraining Order ("RO") extension would be expired on 28 February 2018, Blue Hill filed an application for an extension of the RO on 28 February 2018 and the same was fixed for hearing on 1 March 2018.

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B10. Material litigation (cont'd)

In accordance with the content of the Writs and the Statement of Claims, the Plaintiffs are claiming the following against Blue Hill:-

DATE OF WRIT	COURT	SUIT NO.	PLAINTIFF	CAUSE OF ACTION	CLAIM/ JUDGEMENT SUM (RM)	INTEREST (RM)	LEGAL COST (RM)	TOTAL (RM)
27/07/2017	Majistrate Court Klang	BL-A72NCC-565-07/2017	AYS MARKETING SDN. BHD.	Non-payment of building/construction materials sold and delivered.	45,424.38	4,254.81 / 1.5% per month up to the date of full settlement	870.00	50,549.19
13/06/2017	Majistrate Malaya Court Johor Baharu	JA-A72NCvC-278-06/2017	SAN LEE ENGINEERING TRADING SDN. BHD.	Non-payment for leasing of plastering machinery.	38,000.00	58,868.26 / 5% per annum from the date of the Writ	-	96,868.26
31/05/2017	Session Court Johor Baharu	JA-A52NCvC-71-05/2017	BRC PREFAB HOLDINGS SDN. BHD.	Non-payment of building/construction materials sold and delivered. Default Judgement by Appearance entered against BHD on 31/05/2017.	106,954.53	106,954.53 / 5% per annum from the date of the Writ	1,308.00	215,217.06
04/05/2017	Session Court Johor Baharu	JA-B52NCC-22-03/2017	KT POTENTIAL SDN. BHD.	Non-payment of goods sold and delivered. Default Judgement by Appearance entered against BHD on 04/05/2017.	359,234.98	75,726.68 / 1.5% per month up to the date of full settlement	-	434,961.66
25/04/2017	Majistrate Court Kuantan	CA-A72NcvC-317-04/2017	JAKAR JAYA HARDWARE SDN. BHD.	Non-payment of building/construction materials sold and delivered.	43,743.08	5% per annum from the date of the Writ	-	43,743.08
19/01/2017	Session Court Kuantan	CA-A52-01-01/2017	SADAGENE STEEL SDN. BHD.	Breach of credit guarantee. Default Judgement of Appearance entered against BHD on 09/02/2017.	241,076.30	3,133.99 / 1.3% per month up to the date of full settlement	1,790.00	246,000.29

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B10. Material litigation (cont'd)

DATE OF WRIT	COURT	SUIT NO.	PLAINTIFF	CAUSE OF ACTION	CLAIM/ JUDGEMENT SUM (RM)	INTEREST (RM)	LEGAL COST (RM)	TOTAL (RM)
10/01/2017	Session Court Johor Baharu	JA-A52NCvC-5-01/2017	STEEL PARK MALAYSIA SDN. BHD.	Non-payment of building/construction materials (high tensile deformed bar) sold and delivered.	168,291.95	1,360.17 / 5% per annum from the date of the Writ	882.00	170,534.12
03/01/2017	Session Court Shah Alam	BA-A52NCC-2-01/2017	CMCM PERNIAGAAN SDN. BHD.	Non-payment of building/construction materials sold and delivered.	133,147.98	133,213.55 / 1.5% per month up to the date of full settlement	1,316.00	267,677.53
27/12/2016	Session Court Shah Alam	BA-B52NCC-154-12/2016	POSIM MARKETING SDN. BHD.	Breach of credit guarantee for good sold and delivered by credit. Default Judgement by Appearance entered against BHD on 18/01/2017.	695,527.43	203,657.15 / 18% per annum up to the date of full settlement	1,316.00	900,500.58
01/11/2016	Session Court Shah Alam	BA-B52NCC-95-11/2016	HUME MARKETING CO SDN. BHD.	Breach of credit guarantee for good sold and delivered by credit. Default Judgement by Appearance entered against BHD on 30/11/2016.	371,248.48	30,673.91 / 1.5% per month up to the date of full settlement	1,316.00	403,238.39
				TOTAL	2,202,649.11	617,843.05	8,798.00	2,829,290.16

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There is no dividend declared for the current quarter under review.

B12. Earnings per share**(a) Basic**

Basic earnings per shares is calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter	Current Year to date
Loss attributable to ordinary equity holders of the Company (RM)	(3,334,458)	(6,231,725)
Weighted average number of shares	1,865,896,124	1,865,896,124
Basic earnings per shares (sen)	(0.18)	(0.33)

(b) Diluted

Diluted earnings per shares is calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue and issuable during the period.

	Current Quarter	Current Year to date
Loss attributable to ordinary equity holders of the Company (RM)	(3,334,458)	(6,231,725)
Weighted average number of shares	1,865,896,124	1,865,896,124
Effects of dilution in outstanding warrants	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	1,865,894,124	1,865,896,124
Diluted earnings per shares (sen)	N/A	N/A