

NEXGRAM HOLDINGS BERHAD

(Company No. 660055-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 APRIL 2018**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 APRIL 2018**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 APRIL 2018 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 APRIL 2017 RM	CURRENT YEAR TO-DATE 30 APRIL 2018 RM	PRECEDING YEAR CORRESPONDING PERIOD 30 APRIL 2017 RM
Revenue		11,472,250	11,510,761	32,392,349	34,601,662
Operating expenses		(19,793,689)	(7,682,242)	(39,952,400)	(31,704,816)
(Loss)/profit from operations		(8,321,439)	3,828,519	(7,560,051)	2,896,846
Depreciation and amortisation		(806,151)	(3,079,310)	(5,608,783)	(9,217,881)
Share of profit/(loss) from associate		66,236	(217,612)	(282,125)	(262,504)
Finance costs		(1,207,737)	(1,009,023)	(3,167,804)	(3,151,037)
Interest income		44,826	40,931	153,544	108,209
Loss before taxation		(10,224,265)	(436,495)	(16,465,220)	(9,626,366)
Taxation	B5	7,193,631	(82,944)	7,239,670	(39,678)
Loss for the period		(3,030,634)	(519,439)	(9,225,550)	(9,666,044)
Other comprehensive profit/(loss), net of tax					
Foreign currency translation		3,576,386	(3,090,719)	(8,299,882)	1,590,074
Fair value through profit and loss		(2,640,307)	-	(2,640,307)	-
		936,079	(3,090,719)	(10,940,189)	1,590,074
Total comprehensive profit/(loss) for the period, net of tax		(2,094,555)	(3,610,158)	(20,165,739)	(8,075,970)
Loss for the period attributable to:					
Equity holders of the Company		(3,011,889)	(277,195)	(9,243,614)	(8,764,789)
Non-controlling interests		(18,745)	(242,244)	18,064	(901,255)
Loss for the period		(3,030,634)	(519,439)	(9,225,550)	(9,666,044)
Total comprehensive loss attributable to:					
Equity holders of the Company		(2,075,810)	(3,691,776)	(20,183,803)	(8,223,605)
Non-controlling interests		(18,745)	81,618	18,064	147,635
Total comprehensive loss for the period		(2,094,555)	(3,610,158)	(20,165,739)	(8,075,970)
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B12	(0.16)	(0.01)	(0.50)	(0.47)
- 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 20)

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 APRIL 2018**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 30 APRIL 2018 (UNAUDITED) RM	AT 31 JULY 2017 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	7,772,101	12,178,167
Land held for property development	73,147,751	72,744,361
Investment properties	87,765,587	87,837,547
Development expenditure	553,911	915,968
Intangible assets	2,782,815	5,942,790
Goodwill on consolidation	59,810,612	59,810,612
Investment in associate	332,224	614,349
Other investment	17,851,137	28,078,161
Deferred tax assets	21,961	21,961
Total non-current assets	<u>250,038,099</u>	<u>268,143,916</u>
Current assets		
Inventories	3,884,333	4,272,546
Trade receivables	38,252,442	36,361,192
Other receivables, deposits and prepayments	4,489,334	5,817,778
Amount due from customers	3,685,192	3,685,192
Amount due from associate company	1,143,675	3,560,229
Tax recoverable	1,961,689	1,552,513
Fixed deposits with a licensed bank	3,879,971	7,147,289
Cash and bank balances	8,698,782	4,449,348
Total current assets	<u>65,995,418</u>	<u>66,846,087</u>
Total assets	<u><u>316,033,517</u></u>	<u><u>334,990,003</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent:		
Share capital	94,156,724	94,156,724
Reserves	74,871,718	72,650,443
Retained earnings	20,148,770	31,969,911
	<u>189,177,212</u>	<u>198,777,078</u>
Non-controlling interests	8,306,308	8,288,244
Total equity	<u>197,483,520</u>	<u>207,065,322</u>
LIABILITIES		
Non-current liabilities		
Hire purchase creditors	1,539,967	4,009,926
Term loans	50,727,449	51,588,653
Deferred tax liabilities	1,000,400	1,053,413
Total non-current liabilities	<u>53,267,816</u>	<u>56,651,992</u>
Current liabilities		
Trade payables	31,151,868	29,253,570
Other payables and accruals	21,837,726	18,161,804
Hire purchase creditors	1,163,703	3,083,106
Term loans	8,415,825	8,741,677
Borrowings	766,249	1,487,594
Bank overdraft	1,848,953	3,351,635
Tax payable	97,857	7,193,303
Total current liabilities	<u>65,282,181</u>	<u>71,272,689</u>
Total liabilities	<u>118,549,997</u>	<u>127,924,681</u>
Total equity and liabilities	<u><u>316,033,517</u></u>	<u><u>334,990,003</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	<u>10.05</u>	<u>10.56</u>

(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 20)

NEXGRAM HOLDINGS BERHAD

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(Incorporated in Malaysia)

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ENDED 30 APRIL 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	----- Attributable to owners of the parent ----->							Distributable	Non-controlling interests	Total equity	
	Non-Distributable										
	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	RM	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:											
- Opening adjustment profit	-	-	-	-	-	-	-	62,780	62,780	-	62,780
- Fair value through profit and loss	-	-	-	2,640,307	-	-	-	(2,640,307)	-	-	-
- Foreign currency translation	-	-	-	-	-	-	7,880,850	-	7,880,850	-	7,880,850
Total transactions with owners	-	-	-	2,640,307	-	-	7,880,850	(2,577,527)	7,943,630	-	7,943,630
Loss for the financial period	-	-	-	-	-	-	-	(9,243,614)	(9,243,614)	18,064	(9,225,550)
Other comprehensive loss for the period	-	-	-	-	-	-	(8,299,882)	-	(8,299,882)	-	(8,299,882)
Total comprehensive (loss)/ income for the financial period	-	-	-	-	-	-	(8,299,882)	(9,243,614)	(17,543,496)	18,064	(17,525,432)
At 30 April 2018	<u>94,156,724</u>	<u>5,460,724</u>	<u>6,281,395</u>	<u>777,297</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(31,559,423)</u>	<u>20,148,770</u>	<u>189,177,212</u>	<u>8,306,308</u>	<u>197,483,520</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
	<u>94,156,724</u>	<u>5,460,724</u>	<u>6,281,395</u>	<u>(1,268,270)</u>	<u>94,156,725</u>	<u>(243,500)</u>	<u>(27,843,234)</u>	<u>49,260,693</u>	<u>219,961,257</u>	<u>8,959,946</u>	<u>228,921,203</u>
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 20)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 APRIL 2018**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR
	TO-DATE 30 APRIL 2018	TO-DATE 30 APRIL 2017
	RM	RM
Cash flows from operating activities		
Loss before taxation	(16,465,220)	(9,626,366)
Adjustments for non-cash flow:		
Non-cash items	4,895,528	7,394,606
Finance costs	3,167,804	3,151,037
Interest income	(153,544)	(108,209)
Operating (loss)/profit before working capital changes	(8,555,432)	811,068
Changes in working capital:		
Net change in current assets	11,711,357	(7,333,873)
Net change in current liabilities	5,805,803	12,631,058
Cash generated from operations	8,961,728	6,108,253
Interest paid	(3,167,804)	(3,151,037)
Income tax paid	136,884	(1,225,683)
Net cash from operating activities	5,930,808	1,731,533
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,791)	(173,634)
Proceeds from disposal of quoted investment	-	360,752
Proceeds from disposal of property, plant and equipment	2,709,000	3,000
Net cash used in investing activities	2,698,209	190,118
Cash flows from financing activities		
Issuance of share	-	(1,500)
Interest received	153,544	108,209
Repayment of hire purchase creditors	(4,389,362)	(1,274,615)
Drawdown of fixed deposit	3,267,318	-
Placement of fixed deposit	-	(1,315,163)
Repayment of borrowings	(721,345)	-
Repayment of term loans	(1,187,056)	(1,761,731)
Net cash from financing activities	(2,876,901)	(4,244,800)
Net increase in cash and cash equivalents	5,752,116	(2,323,149)
Cash and cash equivalents at 1 May	1,097,713	4,973,042
Translation differences	-	-
Cash and cash equivalents at end of period	6,849,829	2,649,893
Cash and cash equivalents comprise of :-		
Cash and bank balances	8,698,782	5,649,497
Bank overdraft	(1,848,953)	(2,999,604)
	6,849,829	2,649,893

(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 20)

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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 except that the Group wishes to disclaim that due to the dispute of Court Cases in 70% owned subsidiary namely Blue Hill Development Sdn Bhd (‘BH’), has not provides any records since several reminder. The Group also file in the Court Order to appoint Directors into the BH. Meanwhile, the Group will make the assumption that assets and liabilities in BH remained unchanged since last reported.

NEXGRAM HOLDINGS BERHADCompany No. 660055-H
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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.

Other than refer to para A4 above on the BH matters, the Group is no aware on any material changes.

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 except on 15 May 2018, the Company share capital increased from private placement under first tranches. Total number of share issued under the private placement is 66,000,000 shares, with the latest issued number of share capital after taken into consideration of the abovementioned private placement is amounting to 1,949,134,480 shares

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 30 April 2018 is tabulated below:

Segment	ICT RM	Property Investments RM	Logistics RM	Elimination RM	Total RM
Revenue	23,640,451	2,998,417	5,968,452	(214,971)	32,392,349
Loss before taxation	(6,099,772)	(2,113,952)	(1,011,037)	(1,283,390)	(10,508,151)

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.

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A11. Impairment of other investment

The Group has made a partial impairment (ie, 50% impairment) of GIA, Indonesia being unquoted shares duly recorded in the books' of wholly owned subsidiary namely Nexgram Emerging Capital Limited during the quarter under review

A12. 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 30 April 2018 except below:

i) Disposal of 100% equity interest in the wholly-owned subsidiary and sub-subsidiaries of Nextnation Network Sdn. Bhd. ("NNSB")

On 13 June 2018, the Company entered into a Shares Sale Agreement to dispose 100% equity interest in the wholly-owned subsidiary and sub-subsidiaries as below for a total consideration of RM1,000 to Mr Muthukaruppan A/L Sinnathamby:

- i. 3,000,000 ordinary shares, representing 100% of the entire issued and paid up capital of NNSB,
- ii. 100,000 ordinary shares, representing 100% of the entire issued and paid up capital of Dubaitech Marketing Sdn. Bhd.,
- iii. 200,000 ordinary shares, representing 100% of the entire issued and paid up capital of Tech Bonanza Sdn. Bhd.,
- iv. 100,000 ordinary shares, representing 100% of the entire issued and paid up capital of Taffu Media Sdn. Bhd.,
- v. 100,000 ordinary shares, representing 100% of the entire issued and paid up capital of Divamas Promotion Sdn. Bhd.

ii) Disposal of 100% equity interest in Kontrek Anugerah Sdn. Bhd. ("KASB")

On 13 June 2018, a wholly-owned subsidiary Nexgram Land Sdn. Bhd. ("NLSB") had entered into a Shares Sale Agreement to dispose 100% equity interest, representing 1,000,000 ordinary shares in KASB to Mr Muthukaruppan A/L Sinnathamby for a total consideration of RM100.

iii) Striking off companies under Section 550 of the Companies Act, 2016.

On 21 June 2018 the Company has submitted an application to strike off the following subsidiaries under Section 550 in accordance to the Companies Act, 2016.

- 1) Nexgram Infrastructure Sdn Bhd
- 2) Vertical Paradise Sdn Bhd
- 3) Gates Mobility Holdings Sdn Bhd.

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A13. 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 30 April 2018.

a) Incorporation of a new wholly-owned subsidiary of Jumbovest Sdn. Bhd. and change of name to Nexgram Development Sdn Bhd.

On 19 September 2017, the Company had incorporated a new wholly-owned subsidiary of Jumbovest Sdn. Bhd. and subsequently changed of name to Nexgram Development Sdn. Bhd. on 20 April 2018.

b) Incorporation of a new wholly-owned subsidiary of Nexgram Assets Sdn. Bhd. (“NASB”)

On 12 June 2018, the Company had incorporated a new wholly-owned subsidiary of Nexgram Assets Sdn. Bhd..

c) Striking off companies under S550 in accordance to the Companies Act, 2016.

On 13 March 2018, the Company had submitted the application to strike off the following sub-subsidiaries under the Group.

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

A14. 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>58,709,280</u>

A15. Capital commitments

There were no capital commitments during the period under review.

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ENDED 30 APRIL 2018****ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING
REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

	Individual Period (3 rd Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30 Apr 2018 RM'000	30 Apr 2017 RM'000		30 Apr 2018 RM'000	30 Apr 2017 RM'000	
Revenue	11,472	11,511	(0.33)	32,392	34,602	(6.38)
Operating (loss)/profit	(1,610)	3,829	(>100)	(1,065)	2,897	(>100)
(Loss)/Profit before interest and tax	(3,104)	532	(>100)	(7,494)	(6,584)	13.83
Loss before tax	(4,267)	(436)	>100	(10,508)	(9,626)	9.16
Loss after tax	(3,186)	(519)	>100	(9,381)	(9,666)	(2.95)
Loss attributable to Ordinary Equity Holders of the parent	(3,168)	(277)	>100	(9,399)	(8,765)	7.24

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The Group recorded revenue of RM11.47 million in the current 3-months financial period ended 30 April 2018 as compared to RM11.51 million reported in the previous year corresponding period. The Group's revenue decreased by 0.33% mainly due to drop in revenue from property division.

The Group recorded a loss before taxation of RM4.27 million for the current 3-months financial period ended 30 April 2018 as compared to a loss before taxation of RM0.44 million reported in the previous year corresponding period. The decrease in loss before taxation recorded in the current quarter was mainly due to impairment of unquoted investment.

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

The Group's revenue of RM32.39 million in the current 9-months financial period ended 30 April 2018 as compared to RM34.60 million reported in the previous year corresponding period. The Group's revenue decreased by 6.38% mainly decrease in revenue from property division.

The Group recorded a loss before taxation of RM10.51 million for the current 9-months financial period ended 30 April 2018 as compared to a loss before taxation of RM9.63 million reported in the previous year corresponding period. The increase in loss before taxation recorded in the current quarter was mainly due to impairment of unquoted investment.

(c) Performance of the current quarter against the preceding quarter

	Current Quarter 30 Apr 2018 RM'000	Immediate Preceding Quarter 31 Jan 2018 RM'000	Changes %
Revenue	11,472	10,339	(0.11)
Operating loss	(1,610)	(129)	>100.00
Loss before interest and tax	(3,104)	(2,933)	0.06
Loss before tax	(4,267)	(3,856)	0.11
Loss after tax	(3,186)	(3,857)	(0.17)
Loss attributable to Ordinary Equity Holders of the parent	(3,168)	(3,334)	(0.05)

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B1. Review of performance (cont'd)

For the current quarter ended 30 April 2018, the Group recorded revenue of RM11.47 million as compared to RM10.34 million recorded in the previous quarter ended 31 January 2018. The Group's revenue slightly increased by 0.11% mainly increase in revenue from a subsidiary involved in logistics.

The Group recorded a loss before taxation of RM4.27 million for the current quarter ended 30 April 2018 as compared to loss before taxation of RM3.86 million recorded in the previous quarter ended 31 January 2018. The incur in loss mainly due to impairment of unquoted investment.

B2. Current year's prospect

The Company is in the midst of revising on the the ICT segment, meanwhile, also maintaining the good reputation records with the existing clients, Sensorlink Holdings Sdn Bhd and its subsidiaries duly specialist in providing security system and protection equipment, are renewing their contract of services with few main clients, as the new projects previously deal with government sectors remained challenge.

The Group is now fully forecast in 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 to obtain Development Order.

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, notwithstanding to expand into overseas markets as and when opportunity derived.

The Group had entered into a Strategic Partnership & Distribution Agreement ("SPDA") with Jiangsu Tongguang Optical Fiber Cable Co., Limited ("JTOCC"), the subsidiary of Jiangsu Tongguang Electronic Wire & Cable Co. Ltd. ("JTEWCC") (a company listed in Shenzhen, China) for duration of one (1) year and the renewal subject to mutual agreement in the future. Nexgram will be the sole distributor and hub. (ie, SPDA is a formal agreement, as previously the Company has entered into Strategic Corporation Framework Agreement).

Pursuant to which both parties will carry out all-round operations in the field of Communications Cables, Radio-frequency coaxial cables, High Temperature Resistant Wires and Cables for Aerospace, Aluminum-Alloy Electrical Cables, Submarine Optical Fiber Cables and other optical cable along power transmission line (4G,5G), including products research and development, distributions, projects joint venture, maintenances & supports, and others strategic partnership cooperation in South East Asian countries. Malaysia is the new market for JTEWCC Group.

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On 12 April 2018, Nexgram Industries Sdn Bhd, a wholly owned subsidiary of the Company had entered into a Strategic Cooperation Framework Agreement (“SCFA”) with Shanghai Zhida New Energy Automobile Public Support Development Co, Limited, a subsidiary company of Shanghai Zhida Science and Technology Development Co., Ltd. (“ZHIDA GROUP”), for distributorship and joint venture in electronic vehicle (EV) charging products and services in South East Asia. Malaysia will be a sole distribution hub.

The SCFA has specifically covered the cooperation in carry out all-round operations in the field of localised implementation of technology and resources in new energy automotive industry, such as smart travel hardware and national Internet high-tech products, urban electronic vehicle (EV) charging platform, EV master planning and operation, and the business of smart-vehicle networking intelligent hardware, research and development which includes electronic vehicle, unmanned driving technology, and shared car economy industrial chain.

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 30.04.18 <u>RM</u>	Year to date 30.04.18 <u>RM</u>
Amortisation of development expenditure	108,303	362,056
Amortisation of intangible assets	553,196	3,159,975
Depreciation of property, plant and equipment	(159,980)	2,086,752
Gain on disposal of asset held for sale	-	-
Gain on disposal of property, plant equipment	(92,752)	(182,752)
Gain or loss on derivatives	-	-
Impairment of investment	8,594,154	8,594,154
Interest expense	1,207,737	3,167,804
Interest income	(44,826)	(153,544)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Realised gain on foreign exchange	(281,978)	(436,748)

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	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.04.18 RM	30.04.17 RM	31.04.18 RM	30.04.17 RM
Current period's provision	-	-	-	-
Over/(under) provision	1,082,798	(83,895)	1,082,798	(83,895)
Deferred tax provision	(2,010)	951	44,029	44,217
Total	1,080,788	(82,944)	1,126,827	(39,678)

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 proposes to undertake a private placement of up to 10% of the existing issued and paid-up share capital of the Company, entail the issuance of up to 188,070,400 new ordinary share of RM0.05 each ("Placement Shares") ("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.

On 15 May 2018, the Company had issued 66,000,000 ordinary shares at an issue price of RM0.059 per share under first tranches of Private Placement, which managed to raise proceeds of RM3,894,000. The ordinary shares were listed on the ACE Market of Bursa Securities Berhad on 17 May 2018.

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The status of the utilisation of proceeds of RM3,833,000 from the first ("1st") tranche of private placement as at todate are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000		Intended timeframe for utilisation
Repayment of bank borrowings	2,000	690	(i)	Within six (6) months
Working capital	5,213	3,008	(ii)	Within six (6) months
Estimated expenses for the Proposed Private Placement	310	135	(iii)	Immediately
Total proceeds	7,523	3,833		

B7. Borrowings and debt securities

Save as disclosed below, the Group does not have any loan outstanding or created, convertible debt securities, mortgages or charges outstanding as at 30 April 2018.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	12,194,730	52,267,416

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.

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B10. Material litigation

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

- (a) On 18 July 2017, Nexgram Land Sdn Bhd (“**NLand**”), a wholly-owned subsidiary of Nexgram Holdings Berhad received a sealed Writ of Summons dated 13 July 2017 and the Statement of Claim dated 12 July 2017 from the solicitors of Spacious Glory Sdn Bhd (“**SG**”). SG is suing NLand for the sum of RM12,500,000.00 purportedly for the non-payment of the purchase price of RM12,500,000.00 for the acquisition of 770,000 shares in Blue Hill Development Sdn. Bhd. ("Blue Hill") by NLand from the Plaintiff pursuant to the Sale and Purchase Agreement dated 14 April 2016 ("SSA").

In return, NLand commenced a counterclaim against SG and SG’s director and shareholder, Lau Tian Kit for *inter alia* damages for the misrepresentations given by SG and/or Lau Tian Kit to NLand in the SSA and for a termination of the SSA.

The claim and counterclaim were tried in the Kuala Lumpur High Court on 4 June 2018 to 6 June 2018. The Court has informed parties that the Court will deliver its decision in respect of the claim and counterclaim on 20 July 2018.

- (b) 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.

The Company and NLand had requested the update from Blue Hill and Spacious Glory on the latest update of the scheme of arrangement to be proposed between Blue Hill and its creditors but no avail. The Company and NLand through its Solicitors subsequently sought the Solicitors for Blue Hill to advise Blue Hill to provide the said update, again to no avail.

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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 MARKETIN G 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-A72NCv C-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-A52NCv C-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
10/01/2017	Session Court Johor Baharu	JA-A52NCv C-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 PERNIAGAN 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 MARKETIN G 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 MARKETIN G 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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B10. Material litigation (cont'd)

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

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.

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.

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.

On 20 April 2018, the Court had granted the Respondent application to strike out the Impugned Ex-Parte Order. On 30 May 2018 the Court has the application by the Applicant for another RO for a period of 3 months from 30 May 2018.

The Applicant has filed and served an unsealed application for sanction of the scheme of arrangement by the Court and the return day for the Notice of Application has yet to be fixed. The Respondent will response to the Affidavits filed by the Applicant in respect of the sanction, accordingly.

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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)	(3,167,663)	(9,399,388)
Weighted average number of shares	1,865,896,124	1,865,896,124
Basic earnings per shares (sen)	(0.17)	(0.50)

(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)	(3,167,663)	(9,399,388)
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