

**NEXGRAM HOLDINGS BERHAD**

(Company No. 660055-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED 30 APRIL 2019**

**NEXGRAM HOLDINGS BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 30 APRIL 2019**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 APRIL 2019 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 APRIL 2018 RM	CURRENT YEAR TO-DATE 30 APRIL 2019 RM	PRECEDING YEAR CORRESPONDING PERIOD 30 APRIL 2018 RM
Revenue		15,674,335	11,472,250	42,325,855	32,392,349
Operating expenses		(13,777,212)	(19,793,689)	(38,324,097)	(39,952,400)
<b>Profit/(loss) from operations</b>		<b>1,897,123</b>	<b>(8,321,439)</b>	<b>4,001,758</b>	<b>(7,560,051)</b>
Depreciation		(205,973)	(806,151)	(638,856)	(5,608,783)
Share of profit/(loss) from associate		421,314	66,236	502,221	(282,125)
Finance costs		(727,500)	(1,207,737)	(2,752,213)	(3,167,804)
Interest income		99,767	44,826	206,030	153,544
<b>Profit/(loss) before taxation</b>		<b>1,484,731</b>	<b>(10,224,265)</b>	<b>1,318,940</b>	<b>(16,465,220)</b>
Taxation	B5	8,677	7,193,631	38,533	7,239,670
<b>Profit/(loss) for the period</b>		<b>1,493,408</b>	<b>(3,030,634)</b>	<b>1,357,473</b>	<b>(9,225,550)</b>
<b>Other comprehensive income/(loss), net of tax</b>					
Foreign currency translation		3,265,473	3,576,386	(5,321,597)	(8,299,882)
Loss on fair value changes of available-for-sale financial assets		(648,154)	(2,640,307)	(3,225,136)	(2,640,307)
<b>Total comprehensive profit/(loss) for the period, net of tax</b>		<b>4,110,727</b>	<b>(2,094,555)</b>	<b>(7,189,260)</b>	<b>(20,165,739)</b>
<b>Profit/(loss) for the period attributable to:</b>					
Equity holders of the Company		1,785,444	(3,011,889)	1,073,803	(9,243,614)
Non-controlling interests		(292,036)	(18,745)	283,670	18,064
<b>Profit/(loss) for the period</b>		<b>1,493,408</b>	<b>(3,030,634)</b>	<b>1,357,473</b>	<b>(9,225,550)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>					
Equity holders of the Company		4,402,763	(2,075,810)	(7,472,930)	(20,183,803)
Non-controlling interests		(292,036)	(18,745)	283,670	18,064
<b>Total comprehensive profit/(loss) for the period</b>		<b>4,110,727</b>	<b>(2,094,555)</b>	<b>(7,189,260)</b>	<b>(20,165,739)</b>
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B12	0.09	(0.16)	0.05	(0.50)
- Diluted (sen)		0.09	-	0.05	-

(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 2018 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 THIRD QUARTER  
ENDED 30 APRIL 2019**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AT 30 APRIL 2019 (UNAUDITED) RM	AT 31 JULY 2018 (AUDITED) RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,700,647	5,091,645
Land held for property development	62,555,007	62,357,598
Investment properties	87,669,640	87,741,600
Goodwill on consolidation	49,671,187	49,671,186
Investment in associate	1,231,654	728,489
Other investment	10,696,686	10,185,622
Deferred tax assets	100,325	-
Total non-current assets	<u>216,625,146</u>	<u>215,776,140</u>
<b>Current assets</b>		
Inventories	3,253,239	3,332,550
Trade receivables	12,667,556	11,744,387
Other receivables, deposits and prepayments	8,757,846	4,618,397
Amount due from associate company	40,893	1,679,401
Tax recoverable	1,257,612	1,237,172
Fixed deposits with a licensed bank	10,643,841	7,004,126
Cash and bank balances	5,633,941	5,600,927
Total current assets	<u>42,254,928</u>	<u>35,216,960</u>
<b>Total assets</b>	<u><u>258,880,074</u></u>	<u><u>250,993,100</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent:</b>		
Share capital	106,563,198	98,050,724
Reserves	68,600,999	73,566,528
Accumulated losses	(23,276,699)	(24,350,502)
	<u>151,887,498</u>	<u>147,266,750</u>
Non-controlling interests	8,400,112	8,118,058
<b>Total equity</b>	<u>160,287,610</u>	<u>155,384,808</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Hire purchase creditors	800,290	1,052,750
Term loans	50,187,949	52,040,195
Deferred tax liabilities	-	26,815
Total non-current liabilities	<u>50,988,239</u>	<u>53,119,760</u>
<b>Current liabilities</b>		
Trade payables	10,783,693	10,867,230
Other payables and accruals	31,252,269	25,938,159
Hire purchase creditors	378,228	414,337
Term loans	3,793,380	3,510,822
Borrowings	432,572	762,907
Bank overdraft	958,183	904,915
Tax payable	5,900	90,162
(The Total current liabilities)	<u>47,604,225</u>	<u>42,488,532</u>
<b>Total liabilities</b>	<u>98,592,464</u>	<u>95,608,292</u>
<b>Total equity and liabilities</b>	<u><u>258,880,074</u></u>	<u><u>250,993,100</u></u>
<b>Net assets per share attributable to ordinary equity holders of the Company (sen)</b>	<u>7.33</u>	<u>7.56</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 2018 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 18)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	----- Attributable to owners of the parent ----->							Distributable	Total	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	Accumulated loss RM	RM	RM	RM
At 1 August 2018	98,050,724	5,460,724	6,281,395	701,637	94,156,725	(245,000)	(32,788,953)	(24,350,502)	147,266,750	8,118,058	155,384,808
Transaction with owners:											
- Adjustment due to adoption of CA 2016	5,460,724	(5,460,724)	-	-	-	-	-	-	-	-	-
- Issuance of shares	3,051,750	-	-	-	-	-	-	-	3,051,750	-	3,051,750
- Foreign currency translation	-	-	-	4,446,516	-	-	4,595,412	-	9,041,928	-	9,041,928
Total transactions with owners	8,512,474	(5,460,724)	-	4,446,516	-	-	4,595,412	-	12,093,678	-	12,093,678
Profit for the financial period	-	-	-	-	-	-	-	1,073,803	1,073,803	282,054	1,355,857
Other comprehensive loss for the period	-	-	-	(3,225,136)	-	-	(5,321,597)	-	(8,546,733)	-	(8,546,733)
Total comprehensive profit/(loss) for the financial period	-	-	-	(3,225,136)	-	-	(5,321,597)	1,073,803	(7,472,930)	282,054	(7,190,876)
At 30 April 2019	<u>106,563,198</u>	<u>-</u>	<u>6,281,395</u>	<u>1,923,017</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(33,515,138)</u>	<u>(23,276,699)</u>	<u>151,887,498</u>	<u>8,400,112</u>	<u>160,287,610</u>
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
Prior year adjustment	-	-	-	-	-	-	-	(36,403)	(36,403)	-	(36,403)
	94,156,724	5,460,724	6,281,395	(1,863,010)	94,156,725	(245,000)	(31,140,391)	31,933,508	198,740,675	8,288,244	207,028,919
Transaction with owners:											
- Issuance of share	3,894,000	-	-	-	-	-	-	-	3,894,000	-	3,894,000
- Foreign currency translation	-	-	-	-	-	-	9,086,889	-	9,086,889	-	9,086,889
- Disposal of subsidiaries	-	-	-	-	-	-	-	5,364,410	5,364,410	(92,966)	5,271,444
Total transactions with owners	3,894,000	-	-	-	-	-	9,086,889	5,364,410	18,345,299	(92,966)	18,252,333
Loss for the financial year	-	-	-	-	-	-	-	(61,648,420)	(61,648,420)	(77,220)	(61,725,640)
Other comprehensive loss for the year	-	-	-	2,564,647	-	-	(10,735,451)	-	(8,170,804)	-	(8,170,804)
Total comprehensive loss for the financial year	-	-	-	2,564,647	-	-	(10,735,451)	(61,648,420)	(69,819,224)	(77,220)	(69,896,444)
At 31 July 2018	<u>98,050,724</u>	<u>5,460,724</u>	<u>6,281,395</u>	<u>701,637</u>	<u>94,156,725</u>	<u>(245,000)</u>	<u>(32,788,953)</u>	<u>(24,350,502)</u>	<u>147,266,750</u>	<u>8,118,058</u>	<u>155,384,808</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 2018 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 18)

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR
	TO-DATE 30 APRIL 2019	TO-DATE 30 APRIL 2018
	RM	RM
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	1,318,940	(16,465,220)
Adjustments for non-cash flow:		
Non-cash items	(345,266)	4,895,528
Finance costs	2,752,213	3,167,804
Interest income	(206,030)	(153,544)
Operating profit/(loss) before working capital changes	3,519,857	(8,555,432)
Changes in working capital:		
Net change in current assets	(4,434,366)	11,711,357
Net change in current liabilities	6,683,536	5,805,803
Cash generated from operations	5,769,027	8,961,728
Interest paid	(2,752,213)	(3,167,804)
Income tax paid	(64,998)	136,884
<b>Net cash from operating activities</b>	<b>2,951,816</b>	<b>5,930,808</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(211,010)	(10,791)
Purchase of land held for property development	(197,409)	-
Proceeds from disposal of property, plant and equipment	6,876	2,709,000
<b>Net cash (used in)/generated from investing activities</b>	<b>(401,543)</b>	<b>2,698,209</b>
<b>Cash flows from financing activities</b>		
Issuance of share	3,051,750	-
Interest received	206,030	153,544
Repayment of hire purchase creditors	(288,569)	(4,389,362)
Drawdown of fixed deposit	-	3,267,318
Placement of fixed deposit	(3,639,715)	-
Repayment of borrowings	(330,335)	(721,345)
Repayment of term loans	(1,569,688)	(1,187,056)
<b>Net cash from financing activities</b>	<b>(2,570,527)</b>	<b>(2,876,901)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,254)</b>	<b>5,752,116</b>
<b>Cash and cash equivalents at 1 May</b>	<b>4,696,012</b>	<b>1,097,713</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,675,758</b>	<b>6,849,829</b>
<b>Cash and cash equivalents comprise of :-</b>		
Cash and bank balances	5,633,941	8,698,782
Bank overdraft	(958,183)	(1,848,953)
	<b>4,675,758</b>	<b>6,849,829</b>

(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 2018 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 THIRD QUARTER ENDED 30 APRIL 2019

### 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 2018.

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 2018.

At the beginning of the current financial year, the Group and the Company adopted MFRSs and amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 August 2017.

Initial application of the Standards and amendments to the standards did not have material impact to the financial statements. The nature and the impact of the applicable new standards and amendments are described below:-

##### **Standards issued but not yet effective**

The Group and the Company has not applied the following MFRSs that have been issued by the Malaysian Accounting Standard Board (“MASB”) but are not yet effective for the Group and the Company:

##### **MFRSs effective for annual periods beginning on or after 1 August 2018**

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers

##### **MFRSs effective for annual period beginning on or after 1 August 2019**

- MFRS 16, Leases

##### **MFRSs effective for annual period beginning on or after 1 August 2020**

- MFRS 17, Insurance Contracts

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 31 July 2018.

**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.

**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 30 April 2019 is tabulated below:

Segment	ICT RM	Property Investments RM	Logistics RM	Elimination RM	Total RM
Revenue	23,883,030	3,222,286	15,754,139	(538,600)	42,325,855
Profit/(loss) before taxation	4,087,203	(1,453,166)	(1,315,097)	-	1,318,940

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**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 30 April 2019.

**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 30 April 2019.

**a) Incorporation of a new wholly-owned subsidiary of Nexgram Zhida New Energy Development Sdn. Bhd.**

On 29 January 2019, the Company had incorporated a new wholly-owned subsidiary of Nexgram Zhida New Energy Development Sdn. Bhd.

**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>56,242,664</u>

**A14. Capital commitments**

There were no capital commitments during the period under review.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

	Individual Period (3 <sup>rd</sup> Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30 Apr 2019 RM'000	30 Apr 2018 RM'000		30 Apr 2019 RM'000	30 Apr 2018 RM'000	
Revenue	15,674	11,472	36.63	42,326	32,392	30.67
Operating profit/(loss)	1,897	(8,321)	>100	4,002	(7,560)	>100
Profit/(loss) before interest and tax	2,112	(9,061)	>100	3,865	(13,451)	>100
Profit/(loss) before tax	1,485	(10,224)	>100	1,319	(16,465)	>100
Profit/(loss) after tax	1,493	(3,031)	>100	1,357	(9,226)	>100
Profit/(loss) attributable to Ordinary Equity Holders of the parent	1,785	(3,012)	>100	1,074	(9,244)	>100

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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 RM15.7 million in the current 3-months financial period ended 30 April 2019 as compared to RM11.5 million reported in the previous year corresponding period. The Group's revenue increased by 36.63% mainly due to increase in revenue from logistic division.

The Group recorded a profit before taxation of RM1.5 million for the current 3-months financial period ended 30 April 2019 as compared to a loss before taxation of RM10.2 million reported in the previous year corresponding period. The increase in profit before taxation recorded in the current quarter was mainly attributed by the increase in revenue, provision for profit guarantee arose from acquisition of logistic division, increase of share of profit of associate and no amortisation from the disposal companies and write off of investment in current year.

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

The Group's revenue of RM42.3 million in the current 9-months financial period ended 30 April 2019 as compared to RM32.4 million reported in the previous year corresponding period. The Group's revenue increased by 30.67% mainly due to increase in revenue from logistic and a group of subsidiaries involve in dealing with a wide-ranging choice of security and video surveillance equipment.

The Group recorded a profit before taxation of RM1.3 million for the current 9-months financial period ended 30 April 2019 as compared to a loss before taxation of RM16.5 million reported in the previous year corresponding period. The increase in profit before taxation recorded in the current period was mainly attributed by the increase in revenue, provision for profit guarantee arose from acquisition of logistic division, increase of share of profit of associate and no amortisation from the disposal companies and write off of investment in current year.

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	<b>Current Quarter 30 Apr 2019 RM'000</b>	<b>Immediate Preceding Quarter 31 Jan 209 RM'000</b>	<b>Changes %</b>
Revenue	15,674	15,001	4.49
Operating profit	1,897	1,846	2.77
Profit before interest and tax	2,112	1,456	45.09
Profit before tax	1,485	458	>100
Profit after tax	1,493	451	>100
Profit attributable to Ordinary Equity Holders of the parent	1,785	252	>100

For the current quarter ended 30 April 2019, the Group recorded revenue of RM15.7 million as compared to RM15.0 million recorded in the previous quarter ended 31 January 2019. The Group's revenue increased by 4.49% mainly increase in revenue from logistic division.

The Group recorded a profit before taxation of RM1.5 million for the current quarter ended 30 April 2019 as compared to profit before taxation of RM0.5 million recorded in the previous quarter ended 31 January 2019. The profit increase in this quarter mainly due to a provision for profit guarantee arose from acquisition of logistic division.

**B2. Current year's prospect**

The Company is in the midst of revising on the ICT segment, meanwhile, also maintaining the good 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 forecasting in property development business. For the costs effective and efficiency working towards the success of the Angkasa Icon City Project, the Group

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#### **B2. Current year's prospect (cont'd)**

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 is 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 for 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.

During the last financial year, the Company has signed up several business deals to collaboration with China Companies.

As on 12 March 2018, the Group had entered into a Strategic Cooperation Framework Agreement ("SCFA") with Jiangsu Tongguang Optical Cable Ltd. ("JTOCC"). JTOCC is a subsidiary of Jiangsu Tongguang Electronic Wire & Cable Co. Ltd. ("JTEWCC") (a company listed in Shenzhen, China 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, Aluminium-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 co-operations in South East Asian countries. Malaysia is the new market for JTEWCC Group.

On 12 April 2018, the Group 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 charging products and services in South East Asia. Malaysia will be a sole distribution hub. Since this is the new technology introducing into South East Asia's market. 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 charging platform, electric vehicle 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.

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ENDED 30 APRIL 2019****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. Profit before tax is stated after charging/ (crediting):**

	<b>Quarter ended 30.04.19 RM</b>	<b>Year to date 30.04.19 RM</b>
Depreciation of property, plant and equipment	205,973	638,856
Gain on disposal of property, plant and equipment	(1,979)	(1,979)
Interest expense	727,500	2,752,213
Interest income	(99,767)	(206,030)
Realised gain on foreign exchange	(43,205)	(50,880)

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	<b>30.04.19 RM</b>	<b>30.04.18 RM</b>	<b>30.04.19 RM</b>	<b>30.04.18 RM</b>
Current period's provision	-	-	-	-
Over/(under) provision	(10)	7,195,641	(10)	7,195,641
Deferred tax provision	8,687	(2,010)	38,543	44,029
<b>Total</b>	<b>8,677</b>	<b>7,193,631</b>	<b>38,533</b>	<b>7,239,670</b>

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#### B6. Status of corporate proposals and utilisation of proceeds

There were no other corporate proposals announced by the Company as at the date of the report except the following:

- a) Proposed disposal of eleven (11) storey stratified office building, Nexgram Tower

The Company wholly-owned subsidiary, Coconut Three Sdn Bhd (“CTSB”) (formerly known as Nexgram Land Sdn Bhd), had on 31 December 2018 entered into a Sale and Purchase Agreement (“SPA”) with IMS Development Sdn Bhd (“IMS”) for the disposal of 11 storey stratified office building erected on part of the Master Title PN 46338, Lot No. 58190, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur bearing postal address at Tower 7, Avenue 3, The Horizon Phase 1, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur measuring approximately 79,347 square for a consideration of RM67,000,000.00.

On 22 Marcy 2019, CTSB and IMS inserted an Addendum to the SPA to vary and add additional terms to the SPA, particularly on the mode and time of payment of the Purchase Price.

On 30 May 2019, the Company has appointed TA Securities Holdings Berhad as the Adviser for the Proposed Disposal.

#### 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 2019.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	5,562,363	50,988,239

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.

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#### **B8. Off balance sheet financial instruments**

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

#### **B9. Material litigation**

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

- a) Coconut Three Sdn Bhd (“CTSB”) (previously known as Nexgram Land Sdn Bhd) (“Plaintiff”) v. Lau Tian Kit (“Defendant”)

The Plaintiff had on 11 August 2018 filed a Writ and Statement of Claim dated 9 August 2018 in Kuala Terengganu High Court against the Defendant to claim for compensation for breach of Profit Guarantee Agreement dated 14 April 2016 (“Profit Guarantee Agreement”) given by the Defendant to the Plaintiff in which Blue Hill Development Sdn Bhd had failed to achieve RM2,000,000.00 post-tax profit and instead incurring loss of RM5,250,311 as at 31 July 2017. In the Statement of Claim, the Plaintiff is claiming from the Defendant the following (“Claim”):-

- i) the sum of RM7,250,311 be paid by the Defendant to the Plaintiff;
- ii) interest at the rate of 5% per annum on the sum of RM7,250,311 to be calculated from 30 September 2017 up to the date of the full settlement by the Defendant to the Plaintiff;
- iii) costs of this action on solicitors-client basis be paid by the Defendant to the Plaintiff; and
- iv) further and/or other relief that the Court deems just and/or suitable and/or fair.

On 20 September 2018, the Plaintiff had filed a Notice of Application for Summary Judgment against the Defendant. The Plaintiff had then served the unsealed Notice of Application and Affidavit in Support dated 19 September 2018 on the Defendant’s solicitors on 20 September 2018 and the sealed Notice of Application on 24 September 2018.

Subsequently, by the consent of both the Plaintiff and the Defendant, the Plaintiff had withdrawn its application for Summary Judgment and the Defendant had withdrawn its application for striking out and the Court has fixed 14 and 15 January 2019 as the date of full trial of this matter.

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#### B9. Material litigation (cont'd)

The full trial took place on 14 January 2019 and the matter is pending written submission by both Parties and oral clarification before the Honourable Judicial Commissioner have been fixed on 31 May 2019, before the decision to be pronounced by the Court.

On 19 June 2019 the Court dismissed Plaintiff's Claim with cost on the basis that the audited financial statement used by the Plaintiff to refer to the post-tax profit under the Profit Guarantee Agreement of Blue Hill Development Sdn Bhd is the audited financial statement dated 31 July 2017 not the audited financial statement dated 30 September 2017 which should be the basis of the Claim.

The Plaintiff has instructed its solicitors to file an appeal in the Court of Appeal and the solicitors for the Plaintiff is currently preparing the Notice of Appeal to file an appeal in the Court of Appeal.

#### b) CTSB (previously known as Nexgram Land Sdn Bhd) v. Nexgram Holdings Berhad ("Plaintiff") v. Lau Tian Kit ("Defendant")

The Plaintiffs Plaintiffs had on 20 August 2018 filed a Writ and Statement of Claim against the Defendant amongst other things for minority shareholder oppression, refusal to allow access to accounting records of Blue Hill Development Sdn Bhd ("BHDSB") and for writing on behalf of 2<sup>nd</sup> Plaintiff to Bursa Malaysia Securities Berhad on various litigations matters involving BHDSB.

In the Statement of Claim, the Plaintiffs are seeking, inter alia, the following relieves against the Defendant:-

- i) the Defendant to allow an approved auditor to be appointed by the Plaintiffs to access and inspect and take copies of all accounting records and documents of BHDSB;
- ii) damages in the sum of RM 7,000,000 or such other sum from the Defendant as the Court thinks fit to the Plaintiffs for refusal to provide the audited financial statement to the Plaintiffs;
- iii) damages in the sum of RM 6,000,000 or such other sum as the Court thinks fit to the 2<sup>nd</sup> Plaintiff as compensation for writing to Bursa Malaysia Securities Berhad without the authorisation of the Board of Directors of the 2<sup>nd</sup> Plaintiff which had caused damage to the 2<sup>nd</sup> Plaintiff;



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**B9. Material litigation (cont'd)**

- iv) the Defendant is strictly prohibited whether personally or through any of his companies or through his solicitors or his advisors at any time, to write or communicate the matters pertaining to BHDSB which is within the jurisdictions of the Board of Directors of CTSB or the 2<sup>nd</sup> Plaintiff to any party without the prior written approval of the Board of Directors of the respective Plaintiffs;
- v) equitable compensation, other loss and damages to be assessed;
- vi) interest on all sum found to be due to the Plaintiffs at such rates and for such periods of time as the Court thinks fit;
- vii) such further or other relief as the Honourable Court deems fit.

The Defendant has filed an application to strike out the Plaintiffs' action and the Court has fixed 11 January 2019 for hearing of application for striking out. On 21 February 2019, the Court has dismissed the Defendant's application to strike out and has fixed 8 May 2019 and 9 May 2019 for full trial.

The Court has subsequently fixed the following dates for the case:

- i) 12 July 2019 for the parties to submit their Written Submission;
- ii) 26 July 2019 for submission of Written Submission in Reply; and
- iii) 6 August 2019 as the date of oral clarification.

- c) Spacious Glory Sdn Bhd ("Plaintiff") against Nexgram Land Sdn Bhd (now known as CTSB) ("Defendant")

CTSB ("Appellant") against Spacious Glory Sdn Bhd and Lai Tian Kit ("Respondent")

CTSB 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 from Spacious Glory Sdn. Bhd ("Defendant")'s solicitors ("the Statement of Claim") claiming the sum of RM12,500,000.00 from CTSB, being the purchase consideration for the sale and purchase of 770,000 ordinary shares, representing 70% equity interest in BHDSB by CTSB from the Plaintiff pursuant to the Sale and Purchase Agreement dated 14 April 2016 ("SPA").

On 21 August 2017, CTSB filed a counter-claim against the Plaintiff and Lau Tian Kit for *inter alia* misrepresentations made by the Plaintiff and Lau Tian Kit to CTSB prior to the execution of the SPA.

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#### **B9. Material litigation (cont'd)**

The High Court had on 20 July 2018 allowed the claim in the original action by the Plaintiff and ordered CTSB to pay RM12,500,000.00 plus interest. As for the counterclaim, the High Court allowed the counterclaim in part by finding that there was representation but did not grant an order to rescind the SPA.

Since then, CTSB has appealed against the High Court's decision and the appeal is currently fixed for hearing in the Court of Appeal on 15 July 2019.

The solicitors' acting for CTSB's is of the view that CTSB has an even chance in succeeding in its appeal. In the event the appeal is allowed, CTSB will not need to pay the sum of RM12,500,000.00 plus interest to the Plaintiff. However, in the event the appeal is dismissed, CTSB will be liable to pay the principal sum of RM12,500,000.00 plus interest to the Plaintiff.

- d) TC Capital Resources Sdn Bhd ("TCCR") vs Kontrek Anugerah Sdn. Bhd. ("KASB") and Nexgram Land Sdn Bhd. ("NLSB") (currently known as Coconut Three Sdn. Bhd. ("CTSB")).

The ten (10) Hire Purchase Lawsuits Suits were commenced by TCCR against KASB and NLSB in breach of hire purchase agreements entered into between TCCR and KASB ("the said Agreements"). NLSB is the Guarantor in respect of the said Agreements.

The total outstanding amount (exclusive of interest and costs) claimed by TCCR for all the ten (10) Suits amounting to RM1,047,603.63.

On 3 December 2018, the Sessions Court allowed TCCR's claim in all ten (10) summary judgment applications for all 10 Suits, with interests due and owing and calculated at the rate of 8% p.a. from 24 February 2018 until full settlement as well as costs of RM800.00 per Suit.

KASB and NLSB had appealed to the High Court on all of the Sessions Court's decision in allowing the ten (10) summary judgment applications for all ten (10) suits by filing ten (10) separate notices of appeals on 17 December 2018.

However, prior to the hearing date in the High Court on 3 May 2019, a settlement was reached between parties with repayment terms agreed upon between parties. Ten (10) Consent Orders were entered on 3 May 2019 in the Sessions Court containing the agreed settlement terms. In carrying out one of the agreed settlement term, parties appeared before the High Court on 3 May 2019 in which the 10 Appeals lodged at the High Court by CTSB were struck out with no liberty to file afresh and no order as to costs.

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

**B11. Earnings per share**(a) Basic

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

	<b>Current Quarter</b>	<b>Current Year to date</b>
Profit attributable to ordinary equity holders of the Company (RM)	1,785,444	1,073,803
Weighted average number of shares	2,017,675,110	2,017,675,110
Basic earnings per shares (sen)	0.09	0.05

(b) Diluted

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

	<b>Current Quarter</b>	<b>Current Year to date</b>
Profit attributable to ordinary equity holders of the Company (RM)	1,785,444	1,073,803
Weighted average number of shares	2,017,675,110	2,017,675,110
Effects of dilution in outstanding warrants	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,017,675,110	2,017,675,110
Diluted earnings per shares (sen)	0.09	0.05