

NEXGRAM HOLDINGS BERHAD

(Company No. 660055-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 JULY 2019**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 JULY 2019**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2019 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2018 RM	CURRENT YEAR TO-DATE 31 JULY 2019 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2018 RM
Revenue		16,015,422	13,243,408	58,341,277	45,635,757
Operating expenses		(36,010,408)	(40,936,158)	(74,334,505)	(80,888,559)
Loss from operations		(19,994,986)	(27,692,750)	(15,993,228)	(35,252,802)
Depreciation		(99,142)	(194,671)	(737,998)	(5,803,453)
Share of (loss)/profit from associate		(220,868)	396,265	281,353	114,140
Finance costs		(1,424,188)	(1,145,673)	(4,176,401)	(4,313,477)
Interest income		132,105	64,936	338,135	218,479
Loss on disposal of subsidiary companies		-	(16,328,715)	-	(16,328,715)
Loss before taxation		(21,607,079)	(44,900,608)	(20,288,139)	(61,365,828)
Taxation	B5	(1,591,852)	(7,599,482)	(1,553,319)	(359,812)
Loss for the period		(23,198,931)	(52,500,090)	(21,841,458)	(61,725,640)
Other comprehensive loss, net of tax					
Foreign currency translation		894,531	(2,435,569)	(4,427,066)	(10,735,451)
Loss on fair value changes of available-for-sale financial assets		3,225,136	5,204,954	-	2,564,647
Total comprehensive loss for the period, net of tax		(19,079,264)	(49,730,705)	(26,268,524)	(69,896,444)
Loss for the period attributable to:					
Equity holders of the Company		(22,986,553)	(52,404,806)	(21,912,750)	(61,648,420)
Non-controlling interests		(212,378)	(95,284)	71,292	(77,220)
Loss for the period		(23,198,931)	(52,500,090)	(21,841,458)	(61,725,640)
Total comprehensive loss attributable to:					
Equity holders of the Company		(18,866,886)	(49,635,421)	(26,339,816)	(69,819,224)
Non-controlling interests		(212,378)	(95,284)	71,292	(77,220)
Total comprehensive loss for the period		(19,079,264)	(49,730,705)	(26,268,524)	(69,896,444)
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B12	(1.12)	(2.76)	(1.07)	(3.25)
- 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 2018 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 FOURTH QUARTER
ENDED 31 JULY 2019**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 31 JULY 2019 (UNAUDITED) RM	AT 31 JULY 2018 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	5,735,892	5,091,645
Land held for property development	46,562,436	62,357,598
Investment properties	10,100,000	87,741,600
Goodwill on consolidation	49,671,186	49,671,186
Investment in associate	1,010,786	728,489
Other investment	9,161,614	10,185,622
Total non-current assets	<u>122,241,914</u>	<u>215,776,140</u>
Current assets		
Inventories	2,317,955	3,332,550
Trade receivables	7,482,466	11,744,387
Other receivables, deposits and prepayments	6,020,491	4,618,397
Amount due from associate company	787,436	1,679,401
Tax recoverable	804,340	1,237,172
Assets held for sale	79,400,000	-
Fixed deposits with a licensed bank	12,413,326	7,004,126
Cash and bank balances	5,356,120	5,600,927
Total current assets	<u>114,582,134</u>	<u>35,216,960</u>
Total assets	<u><u>236,824,048</u></u>	<u><u>250,993,100</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent:		
Share capital	200,719,923	98,050,724
Reserves	1,937,844	73,566,528
Accumulated losses	(78,207,827)	(24,350,502)
	<u>124,449,940</u>	<u>147,266,750</u>
Non-controlling interests	8,187,734	8,118,058
Total equity	<u>132,637,674</u>	<u>155,384,808</u>
LIABILITIES		
Non-current liabilities		
Hire purchase creditors	809,559	1,052,750
Term loans	52,120,113	52,040,195
Deferred tax liabilities	674,546	26,815
Total non-current liabilities	<u>53,604,218</u>	<u>53,119,760</u>
Current liabilities		
Trade payables	11,418,956	10,867,230
Other payables and accruals	32,587,441	25,938,159
Hire purchase creditors	381,259	414,337
Term loans	3,982,810	3,510,822
Borrowings	618,421	762,907
Bank overdraft	1,088,955	904,915
Tax payable	504,314	90,162
Total current liabilities	<u>50,582,156</u>	<u>42,488,532</u>
Total liabilities	<u>104,186,374</u>	<u>95,608,292</u>
Total equity and liabilities	<u><u>236,824,048</u></u>	<u><u>250,993,100</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	<u>6.01</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 20)

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ENDED 31 JULY 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	----- Attributable to owners of the parent -----							Distributable		Non-controlling interests RM	Total equity RM	
	Non-Distributable							Accumulated loss	Total			
	Share capital RM	Share premium RM	Warrants reserve RM	Revaluation reserve RM	Fair value reserve RM	Capital reserve RM	Treasury share RM	Translation reserve 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	99,617,449	(5,460,724)	-	-	-	(94,156,725)	-	-	-	-	-	-
- Issuance of shares	3,051,750	-	-	-	-	-	-	-	-	3,051,750	-	3,051,750
- Opening adjustment profit	-	-	-	1,199,999	-	-	-	27,325,014	(31,944,575)	(3,419,562)	-	(3,419,562)
- Foreign currency translation	-	-	-	-	(701,637)	-	-	5,039,768	-	4,338,131	-	4,338,131
Total transactions with owners	102,669,199	(5,460,724)	-	1,199,999	(701,637)	(94,156,725)	-	32,364,782	(31,944,575)	3,970,319	-	3,970,319
Profit for the financial period	-	-	-	-	-	-	-	-	(21,912,750)	(21,912,750)	69,676	(21,843,074)
Other comprehensive loss for the period	-	-	-	(447,313)	-	-	-	(4,427,066)	-	(4,874,379)	-	(4,874,379)
Total comprehensive profit/(loss) for the financial period	-	-	-	(447,313)	-	-	-	(4,427,066)	(21,912,750)	(26,787,129)	69,676	(26,717,453)
At 31 July 2019	<u>200,719,923</u>	<u>-</u>	<u>6,281,395</u>	<u>752,686</u>	<u>-</u>	<u>-</u>	<u>(245,000)</u>	<u>(4,851,237)</u>	<u>(78,207,827)</u>	<u>124,449,940</u>	<u>8,187,734</u>	<u>132,637,674</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)
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>-</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 20)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 JULY 2019**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR
	TO-DATE 31 JULY 2019	TO-DATE 31 JULY 2018
	RM	RM
Cash flows from operating activities		
Loss before taxation	(20,288,139)	(61,365,828)
Adjustments for non-cash flow:		
Non-cash items	14,335,177	60,088,489
Finance costs	4,176,401	4,313,477
Interest income	(338,135)	(218,479)
Operating (loss)/profit before working capital changes	<u>(2,114,696)</u>	<u>2,817,659</u>
Changes in working capital:		
Net change in current assets	2,695,199	3,345,792
Net change in current liabilities	6,730,954	7,452,846
Cash generated from operations	<u>7,311,457</u>	<u>13,616,297</u>
Interest paid	(4,176,401)	(4,313,477)
Income tax paid	(298,794)	(771,868)
Net cash from operating activities	<u>2,836,262</u>	<u>8,530,952</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(649,314)	(150,340)
Purchase of land held for property development	(50,135)	(2,010,503)
Proceeds from disposal, net of cash and cash equivalents disposed off	-	354,840
Proceeds from disposal of property, plant and equipment	212,276	2,179,599
Net cash (used in)/generated from investing activities	<u>(487,173)</u>	<u>373,596</u>
Cash flows from financing activities		
Issuance of share	3,051,750	3,894,000
Interest received	338,135	218,479
Drawdown of hire purchase creditors	273,000	-
Repayment of hire purchase creditors	(549,269)	(3,816,098)
Placement of fixed deposit	(5,409,200)	88,934
Repayment of borrowings	(144,486)	(724,687)
Repayment of term loans	(337,866)	(3,156,925)
Net cash from financing activities	<u>(2,777,936)</u>	<u>(3,496,297)</u>
Net (decrease)/increase in cash and cash equivalents	(428,847)	5,408,251
Cash and cash equivalents at 1 May	4,696,012	1,097,713
Translation differences	-	(1,809,952)
Cash and cash equivalents at end of period	<u>4,267,165</u>	<u>4,696,012</u>
Cash and cash equivalents comprise of :-		
Cash and bank balances	5,356,120	5,600,927
Bank overdraft	(1,088,955)	(904,915)
	<u>4,267,165</u>	<u>4,696,012</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 2018 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 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 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 FOURTH 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 31 July 2019 is tabulated below:

Segment	ICT RM	Property Investments RM	Logistics RM	Elimination RM	Total RM
Revenue	34,197,830	4,263,818	20,656,009	(776,380)	58,341,277
Profit/(loss) before taxation	4,011,026	(22,681,837)	(1,617,328)	-	(20,288,139)

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A9. Valuation of property, plant and equipment

Property, plant and equipment are valued by an independent registered valuer and the difference between the valuation and the carrying amount of the respective property is charged or credited to the revaluation reserve.

The investment properties was last valued on No. 51, Jalan Kuchai Maju 1, Off Jalan Kuchai Maju 1, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on 8 July 2019.

A10. Valuation of investment properties

Investment properties are valued by an independent registered valuer and the difference between the valuation and the carrying amount of the respective investment properties are charged or credited to the profit or loss in the statement of comprehensive income.

The investment properties was last valued on No. 49, Jalan Kuchai Maju 1, Off Jalan Kuchai Maju 1, Off Jalan Kuchai Lama, 58200 Kuala Lumpur and No. 40, Jalan Serendah 26/41, Sekitar 26, Seksyen 26, 40400 Shah Alam on 8 July 2019.

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 July 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 31 July 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.

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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>58,487,730</u>

A14. Capital commitments

There were no capital commitments during the period under review.

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REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

	Individual Period (4 th Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31 Jul 2019 RM'000	31 Jul 2018 RM'000		31 Jul 2019 RM'000	31 Jul 2018 RM'000	
Revenue	16,015	13,243	20.93	58,341	45,636	27.84
Operating loss	(19,995)	(27,693)	(27.80)	(15,993)	(35,253)	(54.63)
Loss before interest and tax	(20,315)	(43,820)	(53.64)	(16,450)	(57,271)	(71.28)
Loss before tax	(21,607)	(44,901)	(51.88)	(20,288)	(61,366)	(71.28)
Loss after tax	(23,199)	(52,500)	(55.81)	(21,841)	(61,726)	(64.62)
Loss attributable to Ordinary Equity Holders of the parent	(22,987)	(52,405)	(56.14)	(21,913)	(61,648)	(64.46)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2019

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 RM16.0 million in the current 3-months financial period ended 31 July 2019 as compared to RM13.2 million reported in the previous year corresponding period. The Group's revenue increased by 20.93% mainly due to increase in revenue from logistic division involves the provision of handling, stock piling, receiving and loading of dry bulk cargo (i.e. bauxite and iron ore) services at Batu Pahat Jetty and a group of subsidiaries involve in dealing with a wide-ranging choice of security and video surveillance equipment.

The Group recorded a loss before taxation of RM21.6 million for the current 3-months financial period ended 31 July 2019 as compared to a loss before taxation of RM44.9 million reported in the preceding year corresponding period. The decrease in loss before taxation recorded in the current quarter was mainly attributed by the provision for profit guarantee arose from acquisition of logistic division. However, in preceding year corresponding period, the Group suffered loss on write-off of other investment and write-off of land held for property development.

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

The Group's revenue of RM58.3 million in the current 12-months financial period ended 31 July 2019 as compared to RM45.6 million reported in the previous year corresponding period. The Group's revenue increased by 27.84% mainly due to increase in revenue from logistic division involves the provision of handling, stock piling, receiving and loading of dry bulk cargo (i.e. bauxite and iron ore) services at Batu Pahat Jetty.

The Group recorded a loss before taxation of RM20.3 million for the current 12-months financial period ended 31 July 2019 as compared to a loss before taxation of RM61.4 million reported in the preceding year corresponding period. The decrease in loss before taxation recorded in the current period was mainly attributed by the provision for profit guarantee arose from acquisition of logistic division. However, in preceding year corresponding period, the Group suffered loss on written-off other investment, write-off of land held for property development, loss on disposal of investment in subsidiaries and write-off of intangible assets.

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	Current Quarter 31 Jul 2019 RM'000	Immediate Preceding Quarter 30 Apr 2019 RM'000	Changes %
Revenue	16,015	15,674	2.18
Operating (loss)/profit	(19,995)	1,897	(>100)
(Loss)/profit before interest and tax	(20,315)	2,112	(>100)
(Loss)/profit before tax	(21,607)	1,485	(>100)
(Loss)/profit after tax	(23,199)	1,493	(>100)
(Loss)/profit attributable to Ordinary Equity Holders of the parent	(22,987)	1,785	(>100)

For the current quarter ended 31 July 2019, the Group recorded revenue of RM16.0 million as compared to RM15.7 million recorded in the previous quarter ended 30 April 2019. The Group's revenue slightly increased by 2.18%.

The Group recorded a loss before taxation of RM21.6 million for the current quarter ended 31 July 2019 as compared to profit before taxation of RM1.5 million recorded in the previous quarter ended 30 April 2019. The loss increase in this quarter mainly due to the provision of expected credit loss for receivable, provision of doubtful debt for receivable, write-off of bad debt, write-off of land held for property development and provision for slow moving stock.

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 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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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):

	Quarter ended 31.07.19 RM	Year to date 31.07.19 RM
Depreciation of property, plant and equipment	99,142	737,998
Gain on disposal of property, plant and equipment	(151,538)	(153,517)
Interest expense	1,424,188	4,176,401
Interest income	(132,105)	(338,135)
Realised gain on foreign exchange	(6,345)	(57,225)

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.07.19 RM	31.07.18 RM	31.07.19 RM	31.07.18 RM
Current period's provision	(1,283,414)	(928,279)	(1,283,414)	(928,279)
Over/(under) provision	140,410	(6,776,491)	140,400	419,150
Deferred tax provision	(448,848)	105,288	(410,305)	149,317
Total	(1,591,852)	(7,599,482)	(1,553,319)	(359,812)

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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 feet for a consideration of RM67,000,000.00.

On 22 March 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 23 August 2019, the Ordinary Resolution as per notice of the EGM dated 8 August 2019 was approved by the shareholders by way of poll.

The proceed utilisation as at this report as follow:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation
Repayment of bank borrowings	48,800	565	Within six (6) months
Provision of payment of judgement sum to Spacious Glory Sdn Bhd	12,500	-	Within six (6) months
Retention of rental and utilities deposits paid by Nexgram Tower's tenants	1,000	-	Within six (6) months
Payment to non-trade creditors	1,600	480	Within six (6) months
Working capital	2,800	2,155	Within six (6) months
Expenses in relation to the Proposed Disposal	300	282	Within one (1) months
Total	67,000	3,482	

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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 July 2019.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	6,071,445	52,929,672

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.

B9. Material litigation

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

(a) Coconut Three (“Plaintiff”) against 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 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 the action on solicitors-client basis be paid by the Defendant to the Plaintiff; and

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B9. Material litigation (cont'd)

(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 full trial took place on 14 January 2019. Oral clarification before the Honourable Judicial Commissioner was 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 is the audited financial statement dated 31 July 2017 and not the audited financial statement dated 30 September 2017 which should be the basis of the Claim.

The Plaintiff has on 16 July 2019 filed an appeal in the Court of Appeal and the case management is fixed for e-review on 5 September 2019. The Court has fixed 4 October 2019 as at the next case management by e-review to fix the hearing date for the appeal.

- (b) Coconut Three and Nexgram ("2nd Plaintiff") (collectively the "Plaintiffs") against Lau Tian Kit ("Defendant")

The 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 and for writing on behalf of 2nd Plaintiff to Bursa Malaysia Securities Berhad on various litigations matters involving Blue Hill.

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 Blue Hill;
- (ii) damages in the sum of RM7,000,000 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;

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B9. Material litigation (cont'd)

- (iii) damages in the sum of RM6,000,000 or such other sum as the Court thinks fit to the 2nd Plaintiff as compensation for writing to Bursa Malaysia Securities Berhad without the authorisation of the Board of Directors of the 2nd Plaintiff which had caused damage to the 2nd Plaintiff;
- (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 Blue Hill which is within the jurisdictions of the Board of Directors of Coconut Three or the 2nd 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; and
- (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 fixed 11 January 2019 for hearing of application for striking out. On 21 February 2019, the Court dismissed the Defendant's application to strike out and fixed 8 May 2019 and 9 May 2019 for full trial.

The Court has subsequently fixed 18 September 2018 for decision hearing.

The Court has dismissed the plaintiff application with cost. The Plaintiff's Solicitors is in the midst of filing the Notice of Appeal and will be doing so by 17 October 2019.

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

Coconut Three ("Appellant") against Spacious Glory Sdn Bhd and Lau Tian Kit (collectively the "Respondent")

Coconut Three had on 18 July 2017 received a sealed Writ of Summons dated 13 July 2017 and the Statement of Claim dated 12 July 2017 from Spacious Glory Sdn Bhd's solicitors claiming the sum of RM12,500,000 from Coconut Three, being the purchase consideration for the sale and purchase of 770,000 ordinary shares, representing 70% equity interest in Blue Hill by Coconut Three from the Plaintiff pursuant to the Sale and Purchase Agreement dated 14 April 2016 ("Blue Hill SPA").

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B9. Material litigation (cont'd)

On 21 August 2017, Coconut Three filed a counter-claim against the Respondent for inter alia misrepresentations made by the Respondent to Coconut Three prior to the execution of the Blue Hill SPA.

The High Court had on 20 July 2018 allowed the claim in the original action by the Plaintiff and ordered Coconut Three to pay RM12,500,000 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 Blue Hill SPA.

Since then, Coconut Three has appealed against the High Court's decision and the appeal is fixed for hearing on 9 October 2019.

Pending the hearing of the appeal at the High Court, an application by the intended intervener to intervene on the case, the case is fixed for hearing on 25 September 2019.

The solicitors acting for Coconut Three is of the view that Coconut Three has an even chance in succeeding in its appeal. In the event the appeal is allowed, Coconut Three will not need to pay the sum of RM12,500,000 plus interest to the Plaintiff. However, in the event the appeal is dismissed, Coconut Three will be liable to pay the principal sum of RM12,500,000 plus interest to the Plaintiff.

- (d) Demand by CIMB Islamic Bank ("Bank") against Nextnation Datacity Sdn Bhd as borrower and Nexgram as guarantor

On 11 July 2019, Nexgram received a letter of demand from the Bank dated 4 July 2019 declaring that Nextnation Datacity Sdn Bhd as borrower, has defaulted in payments under the general facility agreement dated 4 October 2012 ("Facility Agreement"). The Bank has demanded for the payment of the indebtedness under the Facility Agreement from Nextnation Datacity Sdn Bhd and Nexgram (as the guarantor and also as principal debtor under the Guarantee and Indemnity dated 4 October 2012) in the sum of RM12,215,062.70 (inclusive of Ta'widh (compensation)) as at 30 June 2019.

The Board is currently in the midst of negotiating with the Bank to resolve and settle the matter.

- (e) TCIM Sdn Bhd vs Kontrek Anugerah Sdn Bhd and Nexgram

By writ of summon dated 19 June 2019, TCIM Sdn Bhd had commenced legal action against Kontrek Anugerah Sdn Bhd and Nexgram ("Plaintiffs") claiming for an outstanding sum of RM460,048.00, service charge of RM11,149.84 and interest of

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B9. Material litigation (cont'd)

10% per annum on the amount outstanding and service charge until full payment, for default of payment under hire purchase facilities with respect to purchase of five (5)

machineries by Kontrek Anugerah Sdn Bhd. The hire purchase facilities is guaranteed by Nexgram as guarantor.

The Court has fixed the case management to be heard on 11 September 2019.

Pending the case management to be heard, the Plaintiffs are currently in the midst of negotiating a settlement with TCIM Sdn Bhd. The Court has further fixed 27 September 2019 as the next Case Management date pending settlement of the suit. The Plaintiff's Solicitors will take another 2 weeks Case Management date to enable the parties to execute the Settlement Agreement.

(f) **BMW Credit (M) Sdn Bhd vs Coconut Three and How Han Lun ("2nd Defendant")**

By writ of summon dated 25 June 2019, BMW Credit (M) Sdn Bhd had commenced legal action against Coconut Three and How Han Lun (ex-director of Nexgram) claiming for a sum of RM233,954.74 (including the interest of 8% per annum on the amount outstanding until full payment) for default of payment under hire purchase facility. The 2nd Defendant is a guarantor to such hire purchase facility.

The Court has fixed the case management to be heard on 21 September 2019. Since there is no affidavit in reply filed by the First Defendant on the Plaintiff's application for summary judgment the Court has given the decision against the First Defendant on 25 September 2019.

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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.

	Current Quarter	Current Year to date
Loss attributable to ordinary equity holders of the Company (RM)	(22,986,553)	(21,912,750)
Weighted average number of shares	2,053,144,809	2,053,144,809
Basic earnings per shares (sen)	(1.12)	(1.07)

(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.

	Current Quarter	Current Year to date
Loss attributable to ordinary equity holders of the Company (RM)	(22,986,553)	(21,912,750)
Weighted average number of shares	2,053,144,809	2,053,144,809
Effects of dilution in outstanding warrants	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,053,144,809	2,053,144,809
Diluted earnings per shares (sen)	N/A	N/A