

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 JANUARY 2021**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2021**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JANUARY 2021 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2020 RM	CURRENT YEAR TO-DATE 31 JANUARY 2021 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2020 RM
Revenue		33,293,774	8,937,769	46,240,386	20,941,106
Operating expenses		(29,854,109)	(9,837,044)	(45,067,202)	(20,504,481)
Profit/(Loss) from operations		3,439,665	(899,275)	1,173,184	436,625
Depreciation		(139,705)	(187,502)	(419,742)	(364,302)
Share of (loss)/profit from an associate		(30,891)	(69,717)	371,592	69,899
Finance costs		(1,889,513)	(481,664)	(2,637,767)	(1,415,785)
Interest income		30,831	66,390	85,787	178,660
Profit/(Loss) before taxation		1,410,386	(1,571,768)	(1,426,946)	(1,094,903)
Taxation	B5	(4,745)	(142,010)	19,895	(118,520)
Profit/(Loss) for the period		1,405,641	(1,713,778)	(1,407,051)	(1,213,423)
Other comprehensive loss, net of tax					
Foreign currency translation		984,780	(2,122,670)	(825,857)	(2,141,936)
		984,780	(2,122,670)	(825,857)	(3,355,359)
Total comprehensive profit/(loss) for the period, net of tax		2,390,421	(3,836,448)	(2,232,908)	(4,568,782)
Profit/(Loss) for the period attributable to:					
Equity holders of the Company		818,573	(1,638,470)	(1,845,816)	(1,571,285)
Non-controlling interests		587,068	(75,308)	438,765	357,862
Profit/(Loss) for the period		1,405,641	(1,713,778)	(1,407,051)	(1,213,423)
Total comprehensive profit/(loss) attributable to:					
Equity holders of the Company		(2,799,995)	(3,761,140)	(7,275,021)	(3,713,221)
Non-controlling interests		587,068	(75,308)	438,765	357,862
Total comprehensive profit/(loss) for the period		2,390,421	(3,836,448)	(2,232,908)	(3,355,359)
Earnings per share attributable to equity holders of the Company:-					-
- Basic (sen)	B12	0.03	(0.08)	(0.08)	(0.07)
- Diluted (sen)		0.03	-	-	-

(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 2020 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 22)

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2021**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 31 JANUARY 2021 (UNAUDITED) RM	AT 31 JULY 2020 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	24,223,625	2,291,296
Investment properties	10,100,000	10,100,000
Intangible assets	175,681	-
Goodwill on consolidation	41,632,441	33,730,734
Investment in associate	1,506,881	1,135,289
Investment in quoted shares	5,141,205	6,240,624
Right of use asset	4,011,660	4,075,229
Inventories	22,614,225	22,614,225
Total non-current assets	109,405,718	80,187,397
Current assets		
Inventories	38,026,890	3,548,417
Receivables	47,906,968	25,042,418
Tax recoverable	730,223	233,816
Amount owing by an associate	202,240	359,272
Fixed deposits with licensed banks	19,629,992	13,468,811
Cash and bank balances	6,979,592	8,701,948
Total current assets	113,475,905	51,354,682
Total assets	222,881,623	131,542,079
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent:		
Share capital	214,119,923	206,519,923
Reserves	32,702,191	20,929,584
Accumulated losses	(140,074,029)	(138,228,210)
Shareholders' funds	106,748,085	89,221,297
Non controlling interests	13,738,711	6,768,058
Total equity	120,486,796	95,989,355
LIABILITIES		
Non-current liabilities		
Loans and borrowings	17,742,163	9,929,688
Lease liability payable	168,169	338,747
Deferred tax liabilities	985,704	358,272
Total non-current liabilities	18,896,036	10,626,707
Current liabilities		
Payables	22,793,267	19,507,036
Amount owing to directors	7,336,261	2,487,463
Loans and borrowings	52,536,265	2,649,713
Lease liability payable	715,084	135,635
Tax payables	117,914	146,170
Total current liabilities	83,498,791	24,926,017
Total liabilities	102,394,827	35,552,724
Total equity and liabilities	222,881,623	131,542,079
Net assets per share attributable to ordinary equity holders of the Company (sen)	4.504	4.280

(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 2020 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 22)

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ENDED 31 JANUARY 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

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

	Non-Distributable								Distributable		Total equity RM	
	Share capital RM	Warrants reserve RM	Fair value reserve RM	Revaluation reserve RM	Treasury share RM	Translation reserve RM	Irredeemable Convertible Preference Share RM	Redeemable Convertible Preference Share RM	Accumulated loss RM	Total RM		Non-controlling interests RM
At 1 August 2020	206,519,923	6,281,395	(3,944,998)	558,701	(245,000)	(4,315,179)	20,554,665	2,040,000	(138,228,210)	89,221,297	6,768,058	95,989,355
Transaction with owners:												
- Conversion of ICPS	7,600,000	-	-	-	-	-	(3,800,000)	-	-	3,800,000	-	3,800,000
- Issuance of RCPS	-	-	-	-	-	-	-	19,500,000	-	19,500,000	-	19,500,000
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	6,531,888	6,531,888
- Foreign currency translation	-	-	-	-	-	(3,929,679)	-	-	-	(3,929,679)	-	(3,929,679)
Total transactions with owners	7,600,000	-	-	-	-	(3,929,679)	(3,800,000)	19,500,000	-	19,370,321	6,531,888	25,902,209
Loss for the financial period	-	-	-	-	-	-	-	-	(1,845,819)	(1,845,819)	438,765	(1,407,054)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	-	-	-	-	(1,845,819)	(1,845,819)	438,765	(1,407,054)
At 31 January 2021	<u>214,119,923</u>	<u>6,281,395</u>	<u>(3,944,998)</u>	<u>558,701</u>	<u>(245,000)</u>	<u>(8,244,858)</u>	<u>16,754,665</u>	<u>21,540,000</u>	<u>(140,074,029)</u>	<u>106,745,799</u>	<u>13,738,711</u>	<u>120,484,510</u>
At 1 August 2019	200,719,923	6,281,395	(1,024,008)	583,543	(245,000)	(4,741,215)	-	-	(76,360,757)	125,213,881	7,556,828	132,770,709
Adjustment on initial application of MRFS 16, net of tax	-	-	-	-	-	-	-	-	(907)	(907)	-	(907)
At 1 August 2019, restated	200,719,923	6,281,395	(1,024,008)	583,543	(245,000)	(4,741,215)	-	-	(76,361,664)	125,212,974	7,556,828	132,769,802
Transaction with owners:												
- Issuance of ICPS	-	-	-	-	-	-	23,454,665	-	-	23,454,665	-	23,454,665
- Conversion of ICPS	5,800,000	-	-	-	-	-	(2,900,000)	-	-	2,900,000	-	2,900,000
- Issuance of RCPS	-	-	-	-	-	-	-	2,040,000	-	2,040,000	-	2,040,000
- Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	173,377	173,377
- Realisation of revaluation	-	-	-	(24,842)	-	-	-	-	24,842	-	-	-
Total transactions with owners	5,800,000	-	-	(24,842)	-	-	20,554,665	2,040,000	24,842	28,394,665	173,377	28,568,042
Loss for the financial year	-	-	-	-	-	-	-	-	(61,891,388)	(61,891,388)	(962,147)	(62,853,535)
Other comprehensive (loss)/income for the year	-	-	(2,920,990)	-	-	426,036	-	-	-	(2,494,954)	-	(2,494,954)
Total comprehensive loss for the financial year	-	-	(2,920,990)	-	-	426,036	-	-	(61,891,388)	(64,386,342)	(962,147)	(65,348,489)
At 31 July 2020	<u>206,519,923</u>	<u>6,281,395</u>	<u>(3,944,998)</u>	<u>558,701</u>	<u>(245,000)</u>	<u>(4,315,179)</u>	<u>20,554,665</u>	<u>2,040,000</u>	<u>(138,228,210)</u>	<u>89,221,297</u>	<u>6,768,058</u>	<u>95,989,355</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 2020 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 22)

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Company No. 660055-H
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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2021**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	CUMULATIVE QUARTER	
	CURRENT YEAR TO-DATE 31 JANUARY 2021	PRECEDING YEAR TO-DATE 31 JANUARY 2020
	RM	RM
Cash flows from operating activities		
(Loss)/profit before taxation	(1,426,946)	(1,094,903)
Adjustments for non-cash flow:		
Non-cash items	(184,807)	137,245
Finance costs	2,637,767	1,415,785
Interest income	(85,787)	(178,660)
Operating (loss)/profit before working capital changes	940,227	279,467
Changes in working capital:		
Net change in current assets	(9,519,830)	(12,767,272)
Net change in current liabilities	(427,120)	(16,667,915)
Cash (used in)/generated from operations	(9,006,723)	(29,155,720)
Interest paid	(2,637,767)	(1,415,785)
Tax paid	(69,624)	(307,496)
Tax refund	-	955,139
Net cash (used in)/generated from operating activities	(11,714,114)	(29,923,862)
Cash flows from investing activities		
Acquisition of intangible assets	(198,221)	-
Acquisition of subsidiaries, net of cash acquired	-	-
Purchase of property, plant and equipment	(1,375,459)	(440,155)
Proceeds from disposal of property, plant and equipment	-	67,000,000
Dividend received	302,102	158,672
Interest received	85,787	178,660
Placement of fixed deposits	(838,644)	(1,579,157)
Net cash generated from/(used in) investing activities	(2,024,434)	65,318,020
Cash flows from financing activities		
Issuance of irredeemable convertible preference share	-	23,454,665
Conversion of irredeemable convertible preference share	3,800,000	-
Repayment to directors	(946,146)	(10,423,040)
Advances from director	-	562,249
Payment of lease liabilities	184,722	-
Repayment of hire purchase creditors	(62,991)	(405,490)
Drawdown of hire purchase creditors	-	419,808
Repayment of borrowings	(389,682)	-
Drawdown of borrowings	1,954,641	20,052
Repayment of term loans	-	(47,008,553)
Net cash (used in)/generated from in financing activities	4,540,544	(33,380,309)
Net decrease in cash and cash equivalents	(9,198,005)	2,013,849
Cash and cash equivalents at 1 Aug	7,803,637	4,267,165
Translation differences	-	-
Cash and cash equivalents at end of period	(1,394,368)	6,281,014
Cash and cash equivalents comprise of :-		
Cash and bank balances	6,979,592	7,231,880
Bank overdraft	(8,373,960)	(950,866)
	(1,394,368)	6,281,014

(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 2020 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 22)

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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 2020.

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 2020.

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 2020.

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 2021

- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9, Financial Instruments, Illustrative Examples accompanying MFRS 16, Leases and MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 – 2020 cycle)

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A1. Basis of preparation (cont'd)

MFRSs effective for annual period beginning on or after 1 August 2022

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 August 2020 for the accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual period beginning on 1 August 2023 as it is not applicable to the Group and the Company.

The initial application for the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period or prior period financial statements of the Group and of the Company.

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 2020.

A3. Seasonal or cyclical factors

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

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

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

A5. Material changes in estimates

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

NEXGRAM HOLDINGS BERHAD

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 JANUARY 2021****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 following:

On 1 November 2019, the Company undertake a settlement debt owing to a director, Tuan Haji Mazru bin Mat Yusof (“Tuan Haji Mazru”), as well as selected creditors, Ozura Firstlogix Sdn. Bhd. (“Ozura”) and Capital Day Holdings Sdn. Bhd. (“Capital”). Total debts amounting to RM23,454,665/- will be settled through the issuance of 2,345,466,465 Irredeemable Convertible Preference Share (“ICPS”) at an issue price of

RM0.01 each pursuant to 3 separate settlement agreements on 30 August 2019 (“Settlement Agreements”) in the following manner:-

Director/Creditor	Debt owed by the Group (RM)	No. of ICPS to be issued
Tuan Haji Mazru	10,110,871	1,011,087,071
Ozura	12,543,794	1,254,379,394
Capital	800,000	80,000,000
Total	23,454,665	2,345,466,465

Salient term of the ICPS

The ICPS are convertible into new Conversion Shares with the following conversion modes:-

- i. 2 ICPS for every 1 Conversion Share (“Conversion Mode 1); or
- ii. 1 ICPS together with the payment of RM0.01 for every 1 Conversion Share (Conversion Mode 2)

Under Conversion Mode 1, a total of 1,172,733,232 Conversion Shares may be issued upon full conversion of the ICPS. Under Conversion Mode 2, a total of 2,345,466,465 Conversion Shares may be issued upon full conversion of the ICPS.

On 6 December 2019, all the conditions precedent in relation to the debt settlement have been fulfilled and the debt settlement was completed by allotment and issuance of ICPS to the director and selected creditors.

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A6. Debts and equity securities (cont'd)

As at today, the balance for ICPS are as follows:-

Director/Creditor	No. of ICPS	No. of ICPS has been converted	Balance of ICPS
Tuan Haji Mazru	1,011,087,071		1,011,087,071
Ozura	1,254,379,394		571,379,394
Conversion			
- 13 July 2020		(140,000,000)	
- 17 July 2020		(150,000,000)	
- 17 August 2020		(300,000,000)	
- 26 January 2021		(80,000,000)	
- 22 March 2021		(13,000,000)	
Capital	80,000,000		80,000,000
Total	2,345,466,465	(683,000,000)	1,662,466,465

A7. Dividend paid

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

A8. Segmental information

The segmental analysis of revenue and profit before taxation of the Group for the financial period ended 31 January 2021 is tabulated below:

Segment	Investment holding company RM	ICT Malaysia RM	ICT Oversea RM	Property Investment RM	Logistics RM	Healthcare RM	Elimination RM	Total RM
Revenue	300,000	11,955,629	-	7,088	4,759,379	29,525,498	(307,208)	46,240,386
(Loss)/profit before taxation	(246,859)	103,954	298,226	(811,776)	(826,319)	55,828	-	(1,426,946)

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.

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A10. Valuation of investment properties

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

A11. Material events subsequent to the end of the quarter

As at the date of the report, being the latest practicable date of this Report, there is no material events subsequent to the quarter ended 31 January 2021.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 January 2021 except followings:

a) Acquisition of 65% equity interest in Arita Holdings Sdn. Bhd. (“AHSB”)

On 13 October 2020, NMED Industries Sdn Bhd. (“NMEDI”), a wholly-owned subsidiary of the Company entered into a Share Sale Agreement (“SSA”) to acquire 65% equity interest AHSB for a total consideration of RM19,500,000.00 via issuance of Redeemable Convertible Preference Shares in NMEDI.

b) Incorporation of subsidiaries

(i) Incorporation of two wholly-owned subsidiaries, NMED Bioscience Sdn. Bhd. (“NMEDBS”) and NMED Life Science Sdn. Bhd. (“NMEDLS”)

On 5 August 2020, Nexgram Biomedic Sdn. Bhd. (“NBSB”), a wholly-owned subsidiary of the Company incorporated two wholly-owned subsidiaries, NMEDBS and NMEDLS by way of issuance of 10,000,000 ordinary shares of RM0.01 each, representing 100% equity interest each in NMEDBS and NMEDLS for a total purchase consideration of RM100,000/- respectively.

(ii) Incorporation of a wholly-owned subsidiary, Vaccine Lab Sdn. Bhd. (“VLSB”)

On 7 August 2020, NBSB incorporated a wholly-owned subsidiary, VLSB by way of issuance of 10,000,000 ordinary shares of RM0.01 each, representing 100% equity interest in VLSB for a total purchase consideration of RM100,000/-. On 4 September 2020, the shares owned by NBSB have been transferred to NMEDBS.

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A12. Changes in composition of the Group (cont'd)

There were no changes in the composition of the Group during the financial period ended 31 January 2021 except followings (cont'd):

(b) Incorporation of subsidiaries (cont'd)

(iii) Incorporation of a wholly-owned subsidiary, Medical Brands Inc (“MBI”)

On 11 August 2020, NBSB incorporated a wholly-owned subsidiary, Medical Brands Inc (“MBI”) by way of issuance of unlimited ordinary shares of USD0.0001 each representing 100% equity interest in MBI in British Virgin Island.

(iv) Incorporation of a wholly-owned subsidiary, Medic Asset Group Sdn. Bhd. (“MAGSB”)

On 12 August 2020, NBSB incorporated a wholly-owned subsidiary, MAGSB by way of issuance of 10,000,000 ordinary shares of RM0.01 each, representing 100% equity interest in MAGSB for a total purchase consideration of RM100,000/.

(v) Incorporation of a wholly-owned subsidiary, NEG Auto Group Sdn. Bhd. (“NAGSB”)

On 21 September 2020, NISB incorporated a wholly-owned subsidiary, NAGSB by way of issuance of 10,000,000 ordinary shares of RM0.01 each, representing 100% equity interest in NAGSB for a total purchase consideration of RM100,000/.

(vi) Incorporation of a wholly-owned subsidiary, Media Data Science Pte. Ltd. (SG) (“MDSPL”)

On 30 September 2020, NBSB incorporated a wholly-owned subsidiary, MDSPL by way of issuance of 1,000 ordinary shares of SGD 0.0001 each, representing 100% equity interest in MDSPL for a total consideration of SGD 0.10/-.

(vii) Incorporation of a wholly-owned subsidiary, MDS Data Science (M) Sdn. Bhd. (“MDS”)

On 17 November 2020, NMEDBS incorporated a wholly-owned subsidiary, MDS by way of issuance of 10,000,000 ordinary shares of RM0.01 each, representing 100% equity interest in MDS for a total purchase consideration of RM100,000/-.

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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>10,681,422</u>

A14. Capital commitments

There were no capital commitments during the period under review.

NEXGRAM HOLDINGS BERHAD

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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**ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING
REQUIREMENTS OF BURSA SECURITIES**

B1. Review of performance

	Individual Period (1 st Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31 Jan 2021 RM'000	31 Jan 2020 RM'000		31 Jan 2021 RM'000	31 Jan 2020 RM'000	
Revenue	33,294	8,938	73.2	46,240	20,941	54.7
Operating profit/(loss)	3,440	(899)	>100	1,173	437	>100
Profit/(Loss) before interest and tax	3,269	(1,156)	>100	1,125	142	>100
Profit/(Loss) before tax	1,410	(1,572)	>100	1,427	(1,095)	23
Profit/(Loss) after tax	1,406	(1,714)	>100	(1,407)	(1,213)	14
Profit/(Loss) attributable to Ordinary Equity Holders of the parent	636	(1,638)	>100	(2,029)	(1,571)	>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 RM33.3 million in the current 3-months financial period ended 31 January 2021 as compared to RM8.9 million reported in the previous year corresponding period. The Group's revenue increased tremendously by 73.2% mainly due to revenue contribution from the new division (i.e. healthcare) which mainly attributable from manufacturing of medical plastic products, providing Tracvirus Covid-19 related services and distribution of Covid-19 test kits.

The Group recorded a profit before taxation of RM1.4 million for the current 3-months financial period ended 31 January 2021 as compared to a loss before taxation of RM1.6 million reported in the preceding year corresponding period. The profit before taxation recorded in the current quarter was mainly attributed from the new division (i.e. healthcare).

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

The Group recorded revenue of RM46.2 million in the current 6-months financial period ended 31 January 2021 as compared to RM20.9 million reported in the previous year corresponding period. The Group's revenue increased by 54.7% mainly due to revenue contribution from the new division (i.e. healthcare) of RM29.5 million which mainly attributable from manufacturing of medical plastic products, providing Tracvirus Covid-19 related services and distribution of Covid-19 test kits.

The Group recorded a loss before taxation of RM1.4 million for the current 6-months financial period ended 31 January 2021 as compared to a loss before taxation of RM1.1 million reported in the preceding year corresponding period. The increase in loss before taxation recorded in the current quarter was mainly attributed by the operating expenses and finance cost from the subsidiaries in ICT and healthcare division.

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	Current Quarter 31 Jan 2021 RM'000	Immediate Preceding Quarter 31 Oct 2020 RM'000	Changes %
Revenue	33,294	12,947	61.1
Operating profit/(loss)	3,440	(2,266)	>100
Profit/(Loss) before interest and tax	3,269	(2,144)	>100
Profit/(Loss) before tax	1,410	(2,837)	>100
Profit/(Loss) after tax	1,406	(2,813)	>100
Profit/(Loss) attributable to Ordinary Equity Holders of the parent	636	(2,664)	>100

For the current quarter ended 31 January 2021, the Group recorded revenue of RM33.3 million as compared to RM12.9 million recorded in the previous quarter ended 31 October 2020. The Group's revenue increased 61.1% due to the increase in revenue contribution from the newly acquired subsidiary in healthcare division which contributed RM22.2 million.

The Group recorded a profit before taxation of RM1.4 million for the current quarter ended 31 January 2021 as compared to loss before taxation of RM2.8 million recorded in the previous quarter ended 31 October 2020. The profit increased in this quarter mainly due to increase in revenue contribution from healthcare division which are manufacturing of medical plastic products, providing Tracvirus Covid-19 related services and distribution of Covid-19 test kits.

B2. Current year's prospect

The Management views that year 2021 will continue to be a challenging year due to the current economic and politics issues taken part in Malaysia. The Group will continue to venture in ICT division involves in the trading and distribution of security and video surveillance equipment and logistics division involves in the provision of handling, stock piling, receiving and loading of dry bulk cargo (i.e. bauxite, iron ore, manganese ore and etc.) services at Kuantan Port, Kemaman Port, Johor Port and Batu Pahat jetty.

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

The unprecedented COVID-19 pandemic has certainly created severe impact to humanity with lives being lost to the pandemic, borders closed by the Governments in most countries around the world. Malaysia is no exception to these impacts. While there are economic uncertainties arising from the impact of this pandemic, we continue to believe that our business is resilient as during the lockdown, online businesses and services will be in greater demand.

The Covid-19 pandemic provides new opportunities for the company to provide medical solutions and introduce Covid-19 health screening. Tracvirus is an open platform which continue to provide service for Covid-19 health screening and vaccination report to public and private hospitals and clinics.

On 24 March 2020, the Prime Minister Tan Sri Dato' Haji Muhyiddin bin Haji Muhammad Yassin welcomed the "public-private partnership" between the Malaysian Civil Defence Force (Angkatan Pertahanan Awam Malaysia, "APM") and Nexgram Holdings Berhad in launching the TracAPM Digital System. The TracAPM Digital System has been tested in the Kuala Lumpur International Airport (KLIA) and will be used to digitally process travellers at the KLIA entry point and can also be used to verify Vaccine Passports to be issued by Malaysia and other countries. Travellers coming to Malaysia can register for the "SafeTravelPass" online at <http://safetravelpass.tracvirus.com.my>. This digital pass can be verified by the TracAPM system at all airports and borders including the KLIA upon arrival. APM will implement and integrate the TracAPM Digital System with Ministry of Foreign Affairs, the Immigration Department Malaysia, the National Disaster Management Agency (NADMA) and other relevant agencies to ensure secure and safe travel in and out of Malaysia.

Despite the challenges, the Company is cautiously optimistic that the long-term outlook for the company continues to remain positive as we continuously introduce innovative services in the country and as well as within our regional presence.

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.

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

	Quarter ended 31.01.21 <u>RM</u>	Year to date 31.01.21 <u>RM</u>
Depreciation of property, plant and equipment	139,705	419,742
Interest expense	1,873,388	2,621,642
Interest income	(30,831)	(85,787)
Realised loss on foreign exchange	(33,806)	(26,844)
Unrealised loss on foreign exchange	(11,995)	(11,995)

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.01.21 RM	31.01.20 RM	31.01.21 RM	31.01.20 RM
Current period's provision	-	(144,152)	-	(144,152)
Deferred tax provision	(4,745)	2,142	19,895	25,632
Total	(4,745)	(142,010)	19,895	(118,520)

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

On 31 December 2018, Coconut Three Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into a Sale and Purchase Agreement (“SPA”) with IMS Development Sdn. Bhd. (“IMS”) for the disposal of 11 storey stratified office building located at Kuala Lumpur for a total consideration of RM67,000,000/-.

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B6. Status of corporate proposals and utilisation of proceeds (cont'd)

On 23 August 2019, an Extraordinary General Meeting (“EGM”) of the Company was held for the purpose to obtain approvals of all relevant parties and/or authorities Coconut Three Sdn. Bhd. to dispose Nexgram Tower to IMS for a cash consideration of RM67,000,000/- and upon such terms and conditions as set out in the sale and purchase agreement (“SPA”) dated on 31 December 2018.

The Disposal has been completed on 25 June 2020 in accordance with the terms and conditions of the SPA.

The proceed arising from the disposal of RM67,000,000/- are intended to be utilised as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation
Repayment of bank borrowings	48,800	48,156	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	894	Within six (6) months
Payment to non-trade creditors	1,600	1,241	Within six (6) months
Working capital	2,800	3,326	Within six (6) months
Expenses in relation to the Proposed Disposal	300	384	Within one (1) months
Total	67,000	54,001	

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 31 January 2021.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	52,042,880	17,742,163

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B7. Borrowings and debt securities (cont'd)

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) Legal suit with Spacious Glory Sdn. Bhd.

Spacious Glory Sdn. Bhd. (“Plaintiff”) against Nexgram Land Sdn. Bhd. (currently known as Coconut Three Sdn. Bhd. (“CTSB”)) (“Defendant”)

CTSB (“Appellant”) against Spacious Glory Sdn. Bhd. and Lau Tian Kit (collectively the “Respondent”)

CTSB, a wholly-owned subsidiary of the Company 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 CTSB, being the purchase consideration for the sale and purchase of 770,000 ordinary shares, representing 70% equity interest in Blue Hill Development Sdn Bhd (“BHD”) by CTSB from the Plaintiff pursuant to the Sale and Purchase Agreement dated 14 April 2016 (“**BHD SPA**”).

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

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 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 BHD SPA.

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 9 October 2019 which was postponed to 7 November 2019.

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B9. Material litigation (cont'd)

On 17 January 2020, the Court of Appeal dismissed the Appellant's 2nd Motion for a stay of appeal. On 27 March 2020, the Court of Appeal has fixed on 28 August 2020 as the hearing of the appeal proper which was subsequently adjourned by the court to 26 April 2021.

The Appellant's solicitors are of the view that the Appellant has a chance of success in defending the Respondent's claim and establishing its counterclaim against the Respondents.

b) Legal suit with Lau Tian Kit

(i) Coconut Three Sdn. Bhd. ("Plaintiff") vs Lau Tian Kit ("Defendant")

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

1. the sum of RM7,250,311/- to be paid by the Defendant to the Plaintiff;
2. 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 full settlement by the Defendant to the Plaintiff;
3. costs of action on solicitors-client basis to be paid by the Defendant to the Plaintiff; and
4. 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 on 19 September 2018 and the sealed Notice of Application on 24 September 2018.

Subsequently, by the consent of both the Plaintiff and 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.

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B9. Material litigation (cont'd)

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 BHD 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 fixed 5 September 2019 for e-review and on 4 October 2019 for case management.

During the case management held on 4 October 2019, the Court of Appeal has fixed 30 June 2020 for hearing of the appeal but it was vacated and converted to e-review to enable the Plaintiff to fix a hearing date of its Notice of Motion for Extension of Time. The Defendant has indicated that he is not objecting to the application for extension of time by the Plaintiff. Subsequently, the Court has fixed the date of the hearing of the appeal on 9 November 2020 which was adjourned to 2 February 2021. The hearing date is now extended to 3 May 2021.

The Plaintiff's solicitors are of the view that the Plaintiff may have a chance to win the appeal on the basis that the Court has erred in facts and in law in finding that the Plaintiff had unilaterally amended the Profit Guarantee Agreement when the Plaintiff had no control of the Board of Directors of BHD at all material times.

(c) Legal Suit with Justin Faye & Partners

Winding Up Petition served on CTSB ("Respondent") by Justin Faye & Partners ("Petitioner")

On 7 February 2020, the Respondent, a wholly-owned subsidiary of the Company, has been served with a winding-up petition ("Petition") by the Petitioner for failure to pay the total amount due and owing to the Petitioner. The hearing of the winding-up petition was fixed on 30 September 2020.

Subsequently on 11 February 2021, the Petitioner has obtained an Order for Winding-up from the Court stating the below:

- (a) that the Respondent be wound up by the Court under the provisions of the Companies Act, 2016;

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B9. Material litigation (cont'd)

- (b) that the Official Receiver be appointed as the provisional liquidator of the Respondent pending the determination of the Petitioner's Summons in Chambers dated 18 February 2020 and Spacious Glory Sdn Bhd's Summons in Chambers dated 27 July 2020 to respectively appoint a private liquidator; and
- (c) costs of RM5,000.00 subject to allocator fee be paid out of the assets of the Respondent.

As at to date, the Respondent is in the midst of negotiating for settlement with the Petitioner. In the meantime, the Respondent has made necessary steps to obtain sanction from the Director General of Insolvency to continue with other pending court cases involving Coconut Three.

B10. Dividend

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.

	Current Quarter	Current Year to date
Loss attributable to ordinary equity holders of the Company (RM)	818,573	(1,845,816)
Weighted average number of shares	2,370,245,576	2,370,245,576
Basic earnings per shares (sen)	0.03	(0.08)

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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)	818,573	(1,845,816)
Weighted average number of shares	2,370,245,576	2,370,245,576
Effects of dilution in outstanding warrants	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,370,245,576	2,370,245,576
Diluted earnings per shares (sen)	0.03	N/A