

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2021**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 OCTOBER 2021**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 OCTOBER 2021 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 OCTOBER 2020 RM	CURRENT YEAR TO-DATE 31 OCTOBER 2021 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 OCTOBER 2020 RM
Revenue		8,606,973	12,945,612	8,606,973	12,945,612
Operating expenses		(10,798,196)	(15,213,093)	(10,798,196)	(15,213,093)
Loss from operations		(2,191,223)	(2,267,481)	(2,191,223)	(2,267,481)
Depreciation		(288,695)	(280,037)	(288,695)	(280,037)
Share of (loss)/profit from an associate		(147,668)	402,483	(147,668)	402,483
Finance costs		(104,490)	(748,254)	(104,490)	(748,254)
Interest income		27,325	54,956	27,325	54,956
Loss before taxation		(2,704,751)	(2,838,332)	(2,704,751)	(2,838,332)
Taxation	B5	31,074	24,640	31,074	24,640
Loss for the period		(2,673,677)	(2,813,692)	(2,673,677)	(2,813,692)
Other comprehensive loss, net of tax					
Foreign currency translation		(2,902,305)	(1,810,637)	(2,902,305)	(1,810,637)
Total comprehensive loss for the period, net of tax		(2,902,305)	(1,810,637)	(2,902,305)	(1,810,637)
Loss for the period attributable to:					
Equity holders of the Company		(1,921,349)	(2,664,898)	(1,921,349)	(2,664,898)
Non-controlling interests		(752,328)	(148,794)	(752,328)	(148,794)
Loss for the period		(2,673,677)	(2,813,692)	(2,673,677)	(2,813,692)
Total comprehensive loss attributable to:					
Equity holders of the Company		(4,823,654)	(4,475,535)	(4,823,654)	(4,475,535)
Non-controlling interests		(752,328)	(148,794)	(752,328)	(148,794)
Total comprehensive loss for the period		(5,575,982)	(4,624,329)	(5,575,982)	(4,624,329)
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B12	(0.04)	(0.12)	(0.04)	(0.12)
- 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 2021 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 21)

NEXGRAM HOLDINGS BERHAD

Company No. 66055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 OCTOBER 2021**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 31 OCTOBER 2021 (UNAUDITED) RM	AT 31 JULY 2021 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	2,289,892	2,537,000
Right-of-use assets	9,179,879	9,286,807
Intangible assets	76,532	52,897
Investment properties	7,500,000	7,500,000
Goodwill on consolidation	33,730,734	33,730,734
Investment in an associate	1,253,014	1,400,683
Other investments	7,700,231	7,349,678
Inventories	22,614,225	22,614,225
Total non-current assets	84,344,507	84,472,024
Current assets		
Inventories	4,594,368	4,019,236
Receivables	47,998,086	49,843,934
Tax recoverable	264,590	251,013
Amount owing by an associate	129,269	-
Fixed deposits placed with licensed banks	15,726,013	15,586,757
Cash and bank balances	4,261,254	8,083,742
Total current assets	72,973,580	77,784,682
Total assets	157,318,087	162,256,706
EQUITY AND LIABILITIES		
EQUITY		
Share capital	105,029,252	90,195,510
Reserves	9,153,764	26,668,521
Accumulated losses	(4,801,999)	(2,879,861)
Total equity attributable to owners of the Company	109,381,017	113,984,170
Non controlling interests	6,037,703	6,790,032
Total equity	115,418,720	120,774,202
LIABILITIES		
Non-current liabilities		
Lease liabilities	873,495	873,062
Loans and borrowings	10,542,912	10,446,047
Deferred taxation	1,064,122	1,095,196
Total non-current liabilities	12,480,529	12,414,305
Current liabilities		
Payables	17,502,997	17,340,110
Amount due to directors	3,244,354	2,962,004
Loans and borrowings	8,158,956	8,138,102
Lease liabilities	275,479	362,680
Provision for taxation	237,052	265,303
Total current liabilities	29,418,838	29,068,199
Total liabilities	41,899,367	41,482,504
Total equity and liabilities	157,318,087	162,256,706
Net assets per share attributable to ordinary equity holders of the Company (sen)	2.525	3.084

(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 2021 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 21)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	<----- Attributable to owners of the parent ----->									Distributable		
	Non-Distributable									Non-controlling interests		
	Share capital	Warrants reserve	Fair value reserve	Revaluation reserve	Treasury share	Translation reserve	Irredeemable Convertible Preference Share	Redeemable Convertible Preference Share	Accumulated loss	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 August 2021	90,195,510	6,281,395	(1,444,400)	2,158,852	(245,000)	(3,929,047)	7,416,871	16,429,850	(2,879,861)	113,984,170	6,790,032	120,774,202
Transaction with owners:												
- Conversion of ICPS	14,833,742	-	-	-	-	-	(7,416,871)	-	-	7,416,871	-	7,416,871
- Conversion of RCPS	-	-	-	-	-	-	-	(8,944,845)	-	(8,944,845)	-	(8,944,845)
- Realisation of revaluation	-	-	(268,843)	-	-	-	-	-	-	(268,843)	-	(268,843)
- Foreign currency translation	-	-	-	-	-	(884,197)	-	-	751,538	(132,659)	(752,329)	(884,988)
Total transactions with owners	14,833,742	-	(268,843)	-	-	(884,197)	(7,416,871)	(8,944,845)	751,538	(1,929,476)	(752,329)	(2,681,805)
Loss for the financial period	-	-	-	-	-	-	-	-	(2,673,677)	(2,673,677)	-	(2,673,677)
Total comprehensive expenses	-	-	-	-	-	-	-	-	(2,673,677)	(2,673,677)	-	(2,673,677)
Balance as at 31 October 2021	<u>105,029,252</u>	<u>6,281,395</u>	<u>(1,713,243)</u>	<u>2,158,852</u>	<u>(245,000)</u>	<u>(4,813,244)</u>	<u>-</u>	<u>7,485,005</u>	<u>(4,801,999)</u>	<u>109,381,017</u>	<u>6,037,703</u>	<u>115,418,720</u>
Balance as at 1 August 2020, as previously stated	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
Reclassification	-	-	-	1,191,680	-	-	-	-	(1,465,277)	(273,597)	-	(273,597)
Balance as at 1 August 2020, as restated	<u>206,519,923</u>	<u>6,281,395</u>	<u>(3,944,998)</u>	<u>1,750,381</u>	<u>(245,000)</u>	<u>(4,315,179)</u>	<u>20,554,665</u>	<u>2,040,000</u>	<u>(139,693,487)</u>	<u>88,947,700</u>	<u>6,768,058</u>	<u>95,715,758</u>
Transaction with owners:												
- Issuance of RCPS	-	-	-	-	-	-	-	19,500,000	-	19,500,000	-	19,500,000
- Redemption of RCPS	-	-	-	-	-	-	-	(5,110,150)	-	(5,110,150)	-	(5,110,150)
- Conversion of ICPS	26,275,587	-	-	-	-	-	(13,137,794)	-	-	13,137,793	-	13,137,793
- Capital reduction	(142,600,000)	-	-	-	-	-	-	-	142,600,000	-	-	-
- Disposal of investment in OCI	-	-	520,913	-	-	-	-	-	(520,913)	-	-	-
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,771,565)	(2,771,565)
- Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	6,054,092	6,054,092
- Realisation of revaluation	-	-	-	(65,948)	-	-	-	-	65,948	-	-	-
Total transactions with owners	(116,324,413)	-	520,913	(65,948)	-	-	(13,137,794)	14,389,850	142,145,035	27,527,643	3,282,527	30,810,170
Total comprehensive expenses for the financial year:-												
Loss for the financial year	-	-	-	-	-	-	-	-	(5,331,409)	(5,331,409)	(3,465,955)	(8,797,364)
Other comprehensive income/ (expense) for the financial year	-	-	1,979,685	474,419	-	386,132	-	-	-	2,840,236	205,402	3,045,638
Total comprehensive income/ (expenses)	-	-	1,979,685	474,419	-	386,132	-	-	(5,331,409)	(2,491,173)	(3,260,553)	(5,751,726)
Balance as at 31 July 2021	<u>90,195,510</u>	<u>6,281,395</u>	<u>(1,444,400)</u>	<u>2,158,852</u>	<u>(245,000)</u>	<u>(3,929,047)</u>	<u>7,416,871</u>	<u>16,429,850</u>	<u>(2,879,861)</u>	<u>113,984,170</u>	<u>6,790,032</u>	<u>120,774,202</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 2021 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 21)

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

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

	CUMULATIVE QUARTER	
	CURRENT YEAR TO-DATE 31 OCTOBER 2021	PRECEDING YEAR TO-DATE 31 OCTOBER 2020
	RM	RM
Cash flows from operating activities		
Loss before taxation	(2,704,751)	(2,838,332)
Adjustments for non-cash flow:		
Non-cash items	1,941,649	(189,948)
Finance costs	104,490	748,254
Interest income	(27,325)	(54,956)
Operating loss before working capital changes	<u>(685,936)</u>	<u>(2,334,982)</u>
Changes in working capital:		
Net change in current assets	1,188,199	2,331,792
Net change in current liabilities	162,887	272,941
Cash generated from operations	<u>665,149</u>	<u>269,751</u>
Interest paid	(104,490)	(748,254)
Tax paid	(54,798)	(69,624)
Tax refund	12,970	-
Net cash generated from/(used in) operating activities	<u>518,831</u>	<u>(548,127)</u>
Cash flows from investing activities		
Acquisition of intangible assets	(25,920)	(140,973)
Purchase of property, plant and equipment	(60,884)	(171,812)
Acquisition of subsidiary	-	(6,716,331)
Purchase of quoted investment	(1,027,508)	-
Dividend received	131,235	152,967
Interest received	27,325	54,956
Placement of fixed deposits	(139,256)	(364,146)
Net cash used in investing activities	<u>(1,095,009)</u>	<u>(7,185,339)</u>
Cash flows from financing activities		
Conversion of irredeemable convertible preference share	14,833,742	3,000,000
Redemption of redeemable convertible preference share	(8,944,845)	-
Advances from/(Repayment to) directors	282,350	(528,032)
Payment of lease liabilities	(98,026)	(21,767)
Repayment of hire purchase creditors	(31,356)	(62,991)
Repayment of borrowings	(168,504)	(155,507)
Repayment of term loans	(93,285)	(95,581)
Net cash generated from financing activities	<u>5,780,076</u>	<u>2,136,122</u>
Net increase/(decrease) in cash and cash equivalents	5,203,898	(5,597,344)
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents as at 1 Aug	13,834,164	7,803,637
Cash and cash equivalents at end of period	<u>19,038,062</u>	<u>2,206,293</u>
Cash and cash equivalents comprise of :-		
Cash and bank balances	4,261,254	9,179,945
Fixed deposit with a licensed bank	15,726,013	-
Bank overdraft	(949,205)	(6,973,652)
	<u>19,038,062</u>	<u>2,206,293</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 2021 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 21)

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2021

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 2021.

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 2021.

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 2021.

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 9, Financial Instruments
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement
- Amendments to MFRS 7, Financial Instruments: Disclosure
- Amendments to MFRS 4, Insurance Contracts
- Amendments to MFRS 16, Leases

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

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 3, Business Combinations
- Amendments to MFRS 9, Financial Instruments
- Amendments to MFRS 116, Property, Plant and Equipment

NEXGRAM HOLDINGS BERHAD

**Company No. 660055-H
(Incorporated in Malaysia)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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A1. Basis of preparation (cont'd)

MFRSs effective for annual period beginning on or after 1 August 2022 (cont'd)

- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 141, Agriculture
- Amendments to Annual Improvements to MFRS Standards 2018 – 2020

MFRSs effective for annual period beginning on or after 1 August 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS112, Income Taxes

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 August 2021 for the accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2021.

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 2021.

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.

NEXGRAM HOLDINGS BERHAD

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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 except following:

On 2 November 2021, the Company proposed to undertake the proposed bonus issue of up to 1,038,261,532 warrants (Warrants D) on the basis of one (1) Warrant D for every five (5) existing ordinary shares in Nexgram (Shares) held by the entitled shareholders of Nexgram whose names appear on the record of depositors of Nexgram (Entitled Shareholders) at the close of business at 5.00pm on an entitlement date to be determined and announced later.

The Company will make the necessary announcement once the relevant approvals are obtained.

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 October 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	150,000	5,331,717	-	-	1,128,387	2,299,278	(302,408)	8,606,973
Loss before taxation	(64,696)	(515,922)	129,722	(225,036)	(797,787)	(1,231,032)	-	(2,704,751)

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
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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 31 October 2021.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the financial period during the period under review.

A13. Contingent assets or liabilities

Save as disclosed below, the Company does not have any contingent assets or liabilities during the period under review.

RM

Contingent liability:

Corporate guarantee granted to subsidiary companies 14,954,118

A14. Capital commitments

Save as disclosed below, the Company does not have any capital commitments during the period under review.

RM

Capital commitment:

Property, plant and equipment 61,526,758

On 1 July 2021, a wholly-owned subsidiary company, Nexgram Biomedic Sdn Bhd had entered into a Sale and Purchase Agreement with Perbadanan Kemajuan Negeri Melaka to acquire a piece of 99 years of leasehold land in Melaka.

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST 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 Oct 2021 RM'000	31 Oct 2020 RM'000		31 Oct 2021 RM'000	31 Oct 2020 RM'000	
Revenue	8,607	12,946	(32.54)	8,607	12,946	(32.54)
Loss from operation	(2,191)	(2,267)	(3.35)	(2,191)	(2,267)	(3.35)
Loss before interest and tax	(2,632)	(2,145)	22.70	(2,632)	(2,145)	22.70
Loss before taxation	(2,705)	(2,838)	(4.69)	(2,705)	(2,838)	(4.69)
Loss for the period	(2,674)	(2,814)	(4.98)	(2,674)	(2,814)	(4.98)
Loss attributable to Ordinary Equity Holders of the parent	(1,921)	(2,665)	(27.92)	(1,921)	(2,665)	(27.92)

NEXGRAM HOLDINGS BERHAD

**Company No. 660055-H
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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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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 RM8.6 million in the current 3-months financial period ended 31 October 2021 as compared to RM12.9 million reported in the previous year corresponding period. The Group's revenue decreased by 32.54% mainly due to disposal of business segment from manufacturing of medical plastic on 30 July 2021 but this has been supported by revenue contribution from the healthcare which mainly attributable from providing Tracvirus Covid-19 related services and distribution of Covid-19 test kits.

The Group recorded a loss before taxation of RM2.7 million for the current 3-months financial period ended 31 October 2021 as compared to a loss before taxation of RM2.8 million reported in the preceding year corresponding period.

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

The Group recorded revenue of RM8.6 million in the current 3-months financial period ended 31 October 2021 as compared to RM12.9 million reported in the previous year corresponding period. The Group's revenue decreased by 32.54% mainly due to disposal of business segment from manufacturing of medical plastic on 30 July 2021 but this has been supported by revenue contribution from the healthcare which mainly attributable from providing Tracvirus Covid-19 related services and distribution of Covid-19 test kits.

The Group recorded a loss before taxation of RM2.7 million for the current 3-months financial period ended 31 October 2021 as compared to a loss before taxation of RM2.8 million reported in the preceding year corresponding period.

NEXGRAM HOLDINGS BERHADCompany No. 660055-H
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ENDED 31 OCTOBER 2021****B1. Review of performance (cont'd)****(c) Performance of the current quarter against the preceding quarter**

	Current Quarter 31 Oct 2021 RM'000	Immediate Preceding Quarter 31 Jul 2021 RM'000	Changes %
Revenue	8,607	1,120	>100
Loss from operations	(2,191)	(108)	(>100)
Loss before interest and tax	(2,632)	(333)	(>100)
Loss before taxation	(2,705)	(1,722)	(57.08)
Loss after tax	(2,674)	(2,376)	(12.54)
Loss attributable to Ordinary Equity Holders of the parent	(1,921)	(2,531)	24.10

For the current quarter ended 31 October 2021, the Group recorded revenue of RM8.6 million as compared to RM1.1 million recorded in the previous quarter ended 31 July 2021. The Group's revenue had a drastic increase due to the increase in revenue contribution from subsidiary in healthcare division.

The Group recorded a loss before taxation of RM2.7 million for the current quarter ended 31 October 2021 as compared to loss before taxation of RM1.7 million recorded in the previous quarter ended 31 July 2021. The increase in the quarter was due to a decrease in revenue contribution from manufacturing of medical plastic products which has been discontinued last year.

B2. Current year's prospect

The Management views that year 2021 will continue to be a challenging year due to the outbreak of Covid-19, current economic and political issues in Malaysia. The Group will continue to venture in existing government systems for pandemic and endemic management, inter-agencies platforms, payment solutions and applications, as well as medical related services such as medical devices distribution, bio science research and development, medicine and healthcare product franchises, on top of existing ICT segment involves in the trading and distribution of security and video surveillance equipment, logistics division involves in the provision of handling, stock piling, receiving and loading of dry bulk cargo services at Kuantan Port, Kemaman Port, Johor Port and Batu Pahat jetty, and long-term research and development of electric vehicle solutions in preparation for next economic recovery cycle.

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
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B2. Current year's prospect (cont'd)

For the FYE 2021, the Group expects to continue expanding into new Government digital services (i.e. TracAPM) to airports and jetties to enable the public's movement through these gateways to be tracked by the Government.

The unprecedented COVID-19 pandemic has led the Malaysian Government to effect containment measures i.e., the enforcement of several phases of MCOs since mid-March 2020 nationwide which led to periodical shutdown of non-essential activities. The Group's businesses were also disrupted as conventional ICT and logistics industry (i.e. dry bulk cargo activities) were deemed as non-essential activities; while the healthcare related services were allowed to operate as it is deemed as essential services. The introduction of healthcare services such as COVID-19 health screening and Government digital services such as travelers entry registration, quarantine process management systems, quarantine station hotel and transport management (i.e. transporting travelers to quarantine station hotel) by the Group in 2021 represents an opportunity for the Group to provide timely service during the COVID-19 pandemic, which correspondingly mitigated the Group's reliance on its conventional ICT and logistics segment which experienced business challenges and economic slowdown as a result of the implementation of the MCOs.

The Group expects the demand for its ICT and logistics services to resume as Malaysia transits into the national recovery phases in the 2nd half of 2021 onwards together with the resumption of economic activities. Starting from 11 October 2021, fully-vaccinated individuals are allowed cross-state travel and cross-district activities throughout the country and are required to adhere to the imposition of strict Standard Operating Procedures.

As the transition to normalcy and herd immunity from COVID-19 would happen gradually, the Group is of the view that demand for healthcare related services will continue to grow due to the precautionary measures undertaken by the public and government. Furthermore, with the resumption of economic activities, the Group expects the demand for its ICT and logistics services to improve in tandem with the economic activities.

On the other bright side, the logistic segment saw the growing demand of port services post pandemic. The Group expect the coming quarters shall expect the recovery of business activities especially import and export segment related to port activities,

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.

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B3. Variance of actual profit from forecast profit

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

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

	Quarter ended 31.10.21 <u>RM</u>	Year to date 31.10.21 <u>RM</u>
Depreciation of property, plant and equipment	288,695	288,695
Interest expense	104,490	104,490
Realised loss on foreign exchange	-	-
Unrealised loss on foreign exchange	268,844	268,844
Reversal of impairment losses on other receivables	(46,572)	(46,572)
Interest income	(27,325)	(27,325)

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.10.21 RM	31.10.20 RM	31.10.21 RM	31.10.20 RM
Current period's provision	31,074	-	31,074	-
Deferred tax provision	-	24,640	-	24,640
Total	31,074	24,640	31,074	24,640

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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

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/-.

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	48,655	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) month
Total	67,000	54,500	

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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 October 2021.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: Malaysian Ringgit	13,597,448	5,104,420

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. (SGSB or Plaintiff) against Nexgram Land Sdn. Bhd. (currently known as Coconut Three Sdn. Bhd. (CTSB)) (Defendant)

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 the Plaintiff's solicitors claiming the sum of RM12,500,000 from the Defendant.

The Plaintiff is claiming RM12,500,000 from the Defendant, 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 the Defendant from the Plaintiff pursuant to the Sale and Purchase Agreement dated 15 April 2016.

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B9. Material litigation (cont'd)

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

a) Legal suit with Spacious Glory Sdn. Bhd. (cont'd)

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

The claim and counterclaim were tried in the Kuala Lumpur High Court on 4 June 2018 to 6 June 2018. On 20 July 2018, the High Court allowed Plaintiff's claim for RM12,500,000 plus interest in the original action. The High Court also allowed Defendant's claim for misrepresentation in the counterclaim action but did not grant the relief sought by the Defendant to (amongst others) terminate the Share Sale Agreement (SSA) for misrepresentation.

Defendant has appealed against the High Court's decision and appeal is fixed for hearing on 9 October 2019. The Appellant had on 7 October 2019 filed a Notice of Motion to stay the Appeal.

On 15 October 2019, a physical Case Management to fix the hearing date for the Notice of Motion for the stay of Appeal as well as the Appeal proper. The Court of Appeal has fixed that the hearing of both Motion for Stay of Appeal as well as the Appeal proper on 16 December 2019. On 11 December 2019, the Appellant filed the Appellant's Second (2nd) Motion for a Stay of Appeal. On 16 December 2019, the Appellant withdrawn the first (1st) Motion for Stay and requested from the Court to reply to the Affidavit in Reply filed by the First Respondent in respect of the Appellant's 2nd Motion for a Stay of Appeal. The Court of Appeal then fixed the hearing of Appellant's 2nd Motion for a Stay of Appeal on 17 January 2020. On 17 January 2020, the Court of Appeal dismissed the Appellant's 2nd Motion for a Stay of Appeal and fixed the Appeal proper on 27 March 2020. Following the Movement Control Order (MCO) issued by the Malaysian Government from 18 to 31 March 2020, as preventive measure to control the widespread of COVID-19 pandemic, the Court of Appeal had vacated the hearing of the Appeal proper and 27 March 2020 had been made a case management date by e-review to fix a new hearing date.

On 27 March 2020, the Court of Appeal has fixed on 28 August 2020 as the hearing of the Appeal proper. Hearing of the Appeal which was fixed on 28 August 2020 has been adjourned by the Court to 11 November 2020 pending leave from the High Court on the application by the First Respondent and the Second Respondent to proceed with the cross Appeal, due to restriction to file or proceed with any suit

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B9. Material litigation (cont'd)

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

a) Legal suit with Spacious Glory Sdn. Bhd. (cont'd)

against the Plaintiff, as a result of the application for Judicial Management by the First Respondent.

The hearing was subsequently adjourned by the court to 26 April 2021. However, the court has fixed for Case Management pending obtaining Sanction from Director General of Insolvency (DGI) on 5 July 2021. The application of Sanction has been approved by the Official Receiver vide their letter dated 27 August 2021.

The Court has fixed for Case Management pending obtaining Sanction from DGI on 23 November 2021 and on the said date the lawyer will inform the Court that DGI has granted the Sanction on 13 October 2021 to proceed this Appeal.

The Court of Appeal has fixed for Hearing on 13 October 2021.

Subsequently, Coconut Three appealed against such Order and the Court of Appeal has on 30 November 2021 unanimously decided, inter alia, the following:

- (a) the claim for specific performance granted by the High Court to Spacious Glory Sdn Bhd and the order for the Coconut Three to pay the consideration sum of the RM12,500,000 to Spacious Glory Sdn Bhd pursuant Share Sale Agreement dated 14 April 2016 (“SSA”) are set aside;
- (b) that a declaration SSA between the parties is terminated and does not bind the parties accordingly to the law and not to be given effect;
- (c) the Respondent cross appeal both dated 19 October 2018 are unanimously dismissed; and
- (d) the decision of the High Court dated 20 July 2018 is varied accordingly.

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B9. Material litigation (cont'd)

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

b) Legal suit with Lau Tian Kit

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.

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.

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B9. Material litigation (cont'd)

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

b) Legal suit with Lau Tian Kit (cont'd)

The Plaintiff has on 16 July 2019 filed an appeal in the Court of Appeal Putrajaya 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 extended to 3 May 2021.

On 26 October 2021, the Court has informed that The Director General of Insolvency (DGI) had granted sanction to proceed with the Appeal and the case is now fixed for e-review on 8 December 2021.

Meanwhile, the Appellant has filed a Notice of Motion for an extension of time to file the Record of Appeal (Enclosure 50) and the Respondent has filed a Notice of Motion to strike out the Appeal.

The case was fixed on 7 December 2021 for the hearing of striking out the appeal and extension of time. The Court had dismissed the Appellant's motion for extension of time and allowed the Respondent's strike out motion.

The Plaintiff's solicitors are of the opinion that the Respondent's appeal will be academic and redundant based on the Court of Appeal Decision granted on 30 November 2021 which was decided in favour of the Plaintiff (*see Para B9 (a)*)

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B9. Material litigation (cont'd)

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

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 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;
- (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 SGSB'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 has settled monies owing to the Petitioner and it has been confirmed that there is no further and/or other claims against the Respondent. The Respondent's solicitors have filed all the relevant cause papers in respect of the termination of the winding up of CTSB in Kuala Lumpur High Court and the Court has fixed for hearing of the same on 5 January 2022.

B10. Dividend

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

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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)	(1,921,349)	(1,921,349)
Weighted average number of shares	4,331,120,036	4,331,120,036
Basic earnings per shares (sen)	(0.04)	(0.04)

(b) Diluted

Not applicable.