

NEXGRAM HOLDINGS BERHAD

(Company No. 660055-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 JULY 2023**

NEXGRAM HOLDINGS BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 JULY 2023**

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2023 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2022 RM	CURRENT YEAR TO-DATE 31 JULY 2023 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2022 RM
Revenue		14,808,658	4,147,989	47,893,444	31,020,458
Operating expenses		(27,334,007)	(12,638,954)	(65,147,704)	(45,625,212)
Loss from operations		<u>(12,525,349)</u>	<u>(8,490,965)</u>	<u>(17,254,260)</u>	<u>(14,604,754)</u>
Depreciation		(1,787,106)	(369,809)	(4,698,444)	(1,667,771)
Share of (loss)/profit from an associate		(71,202)	(540,548)	434,965	15,947
Finance costs		(199,248)	(787,154)	(957,912)	(1,010,298)
Interest income		111,257	186,955	242,245	316,716
Loss before taxation		<u>(14,471,648)</u>	<u>(10,001,521)</u>	<u>(22,233,406)</u>	<u>(16,950,160)</u>
Taxation	B5	382,237	(2,042,770)	99,934	(2,008,917)
Loss for the period		<u>(14,089,411)</u>	<u>(12,044,291)</u>	<u>(22,133,472)</u>	<u>(18,959,077)</u>
Other comprehensive income/(loss), net of tax					
Foreign currency translation		15,203,778	(2,358,062)	143,748	(544,773)
Gain on revaluation of properties		-	41,707	-	41,707
Loss on fair value changes of equity investment		(5,982)	(89,411)	(597,041)	(453,779)
		<u>15,197,796</u>	<u>(2,405,766)</u>	<u>(453,293)</u>	<u>(956,845)</u>
Total comprehensive profit/(loss) for the period, net of tax		<u>1,108,385</u>	<u>(14,450,057)</u>	<u>(22,586,765)</u>	<u>(19,915,922)</u>
Loss for the period attributable to:					
Equity holders of the Company		(14,018,498)	(9,341,970)	(22,585,435)	(15,424,701)
Non-controlling interests		(70,913)	(2,702,321)	451,963	(3,534,376)
Loss for the period		<u>(14,089,411)</u>	<u>(12,044,291)</u>	<u>(22,133,472)</u>	<u>(18,959,077)</u>
Total comprehensive profit/(loss) attributable to:					
Equity holders of the Company		1,179,298	(11,760,248)	(23,038,728)	(16,394,058)
Non-controlling interests		(70,913)	(2,689,809)	451,963	(3,521,864)
Total comprehensive profit/(loss) for the period		<u>1,108,385</u>	<u>(14,450,057)</u>	<u>(22,586,765)</u>	<u>(19,915,922)</u>
Earnings per share attributable to equity holders of the Company:-					
- Basic (sen)	B11	<u>(0.31)</u>	<u>(0.21)</u>	<u>(0.50)</u>	<u>(0.35)</u>
- Diluted (sen)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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 2022 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AT 31 JULY 2023 (UNAUDITED) RM	AT 31 JULY 2022 (AUDITED) RM
ASSETS		
Non-current assets		
Property, plant and equipment	38,683,077	32,137,779
Investment properties	46,100,000	46,100,000
Intangible asset	-	78,676
Goodwill on consolidation	7,519,264	16,771,187
Investment in an associate	1,851,595	1,416,630
Other investments	6,714,461	7,740,049
Right of use assets	8,215,366	15,267,576
Total non-current assets	<u>109,083,763</u>	<u>119,511,897</u>
Current assets		
Inventories	6,367,321	5,612,706
Receivables	12,600,907	7,404,495
Tax recoverable	956,338	131,169
Amount owing by an associate	74,555	-
Fixed deposits with licensed banks	11,637,062	14,823,593
Cash and bank balances	1,607,248	4,058,307
Total current assets	<u>33,243,431</u>	<u>32,030,270</u>
Total assets	<u><u>142,327,194</u></u>	<u><u>151,542,167</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent:		
Share capital	130,123,016	109,408,507
Reserves	9,166,854	742,512
Accumulated losses	(40,846,024)	(18,260,589)
Shareholders' funds	98,443,846	91,890,430
Non controlling interests	3,720,131	3,268,168
Total equity	<u>102,163,977</u>	<u>95,158,598</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	9,865,806	8,973,242
Lease liability payables	98,038	3,769,955
Deferred tax liabilities	2,656,308	2,722,569
Total non-current liabilities	<u>12,620,152</u>	<u>15,465,766</u>
Current liabilities		
Payables	18,721,628	27,548,709
Amount owing to directors	5,070,330	3,531,369
Loans and borrowings	3,357,741	6,030,680
Lease liability payables	145,942	3,525,523
Tax payables	247,424	281,522
Total current liabilities	<u>27,543,065</u>	<u>40,917,803</u>
Total liabilities	<u>40,163,217</u>	<u>56,383,569</u>
Total equity and liabilities	<u><u>142,327,194</u></u>	<u><u>151,542,167</u></u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	<u>2.16</u>	<u>2.11</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 2022 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 JULY 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the parent								Distributable			
	Non-Distributable											
	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 losses RM	Total RM	Non-controlling interests RM	Total equity RM
Balance as at 1 August 2022	109,408,507	1,903,140	(1,898,179)	2,144,074	(245,000)	(4,473,820)	-	3,312,297	(18,260,589)	91,890,430	3,268,168	95,158,598
Total comprehensive (expenses)/income for the financial year:-												
Loss for the financial year	-	-	-	-	-	-	-	-	(22,585,435)	(22,585,435)	451,963	(22,133,472)
Other comprehensive (expenses)/income for the financial year	-	-	(597,041)	-	-	143,748	-	-	-	(453,293)	-	(453,293)
Total comprehensive (expenses)/income	-	-	(597,041)	-	-	143,748	-	-	(22,585,435)	(23,038,728)	451,963	(22,586,765)
Transaction with owners:												
- Issuance of ordinary shares	20,714,509	-	-	-	-	-	-	-	-	20,714,509	-	20,714,509
- Issuance of ICPS	-	-	-	-	-	-	8,877,635	-	-	8,877,635	-	8,877,635
Total transactions with owners	20,714,509	-	-	-	-	-	8,877,635	-	-	29,592,144	-	29,592,144
Balance as at 31 July 2023	130,123,016	1,903,140	(2,495,220)	2,144,074	(245,000)	(4,330,072)	8,877,635	3,312,297	(40,846,024)	98,443,846	3,720,131	102,163,977
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
Total comprehensive (expenses)/income for the financial year:-												
Loss for the financial year	-	-	-	-	-	-	-	-	(15,424,701)	(15,424,701)	(3,534,376)	(18,959,077)
Other comprehensive (expenses)/income for the financial year	-	-	(453,779)	29,195	-	(544,773)	-	-	-	(969,357)	12,512	(956,845)
Total comprehensive (expenses)/income	-	-	(453,779)	29,195	-	(544,773)	-	-	(15,424,701)	(16,394,058)	(3,521,864)	(19,915,922)
Transaction with owners:												
- Redemption of RCPS	-	-	-	-	-	-	-	(13,117,553)	-	(13,117,553)	-	(13,117,553)
- Conversion of ICPS	14,833,742	-	-	-	-	-	(7,416,871)	-	-	7,416,871	-	7,416,871
- Conversion of warrants	1,131	(131)	-	-	-	-	-	-	-	1,000	-	1,000
- Expiry of warrants	4,378,124	(4,378,124)	-	-	-	-	-	-	-	-	-	-
- Realisation of revaluation	-	-	-	(43,973)	-	-	-	-	43,973	-	-	-
Total transactions with owners	19,212,997	(4,378,255)	-	(43,973)	-	-	(7,416,871)	(13,117,553)	43,973	(5,699,682)	-	(5,699,682)
Balance as at 31 July 2022	109,408,507	1,903,140	(1,898,179)	2,144,074	(245,000)	(4,473,820)	-	3,312,297	(18,260,589)	91,890,430	3,268,168	95,158,598

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2022 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	CURRENT YEAR TO-DATE 31 JULY 2023 RM	CUMULATIVE QUARTER PRECEDING YEAR TO-DATE 31 JULY 2022 RM
Cash flows from operating activities		
Loss before taxation	(22,233,406)	(16,950,160)
Adjustments for non-cash flow:		
Non-cash items	16,535,622	7,173,214
Finance costs	957,912	1,010,298
Interest income	(242,245)	(316,716)
Dividend income	(109,421)	(134,094)
Operating loss before working capital changes	<u>(5,091,538)</u>	<u>(9,217,458)</u>
Changes in working capital:		
Net change in current assets	(6,776,631)	36,713,875
Net change in current liabilities	10,885,731	10,253,311
Cash (used in)/generated from operations	<u>(982,438)</u>	<u>37,749,728</u>
Interest paid	(957,912)	(1,010,298)
Tax paid	(825,594)	(245,481)
Cash (used in)/generated from operating activities	<u>(2,765,944)</u>	<u>36,493,949</u>
Cash flows from investing activities		
Addition of intangible assets	(1,043,080)	(38,400)
Additional investment in other investments	-	(1,027,508)
Dividend received	109,421	134,094
Interest received	242,245	316,716
Proceeds from disposal of property, plant and equipment	53,500	95,686
Purchase of property, plant and equipment	(9,581,427)	(30,911,936)
Withdrawal of fixed deposits	3,263,605	3,046,590
Net cash used in investing activities	<u>(6,955,736)</u>	<u>(28,384,758)</u>
Cash flows from financing activities		
Advances from directors	1,538,961	569,365
Conversion of irredeemable convertible preference share	8,877,635	7,416,871
Conversion of warrants	-	1,000
Redemption of redeemable convertible preference share	-	(13,117,553)
Repayment of lease liabilities	(1,347,067)	(475,521)
Repayment of hire purchase payables	(423,195)	(255,957)
Repayment of borrowings	(2,381,733)	(2,875,396)
Repayment of term loans	1,457,682	(433,878)
Net cash generated from/(used in) financing activities	<u>7,722,283</u>	<u>(9,171,069)</u>
Net decrease in cash and cash equivalents	(1,999,397)	(1,061,878)
Effect of foreign exchange rate changes	58,541	(665,135)
Cash and cash equivalents as at 1 Aug	<u>12,107,151</u>	<u>13,834,164</u>
Cash and cash equivalents at end of period	<u>10,166,295</u>	<u>12,107,151</u>
Cash and cash equivalents comprise of :-		
Cash and bank balances	1,607,248	4,058,307
Fixed deposits with licensed banks	11,637,062	14,823,593
Bank overdrafts	(498,281)	(931,410)
	<u>12,746,029</u>	<u>17,950,490</u>
Fixed deposits with tenure more than 3 months and pledged to licensed banks	(2,579,734)	(5,843,339)
	<u>10,166,295</u>	<u>12,107,151</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2022 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 19)

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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 2022.

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 2022.

Effective for financial period beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial period beginning on or after 1 January 2024

Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective for financial period beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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A1. Basis of preparation (cont'd)

The Group and the Company will adopt above mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The directors do not expect any material impact to the financial statements of the above pronouncements.

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 2022.

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, or repayment of debt and equity securities of the Company for the current quarter under review except the following:

On 8 November 2022, the Company proposed to undertake a settlement of debt owing to certain creditors of the Company in the aggregate sum of RM29,592,145 to be fully satisfied through the issuance of 177,552,700 Irredeemable Convertible Preference Shares (“New ICPS”) at an issue price of RM0.05 each and the issuance of 207,145,090 new ordinary shares in Nexgram (“Nexgram Shares” or “Shares” or “Settlement Shares”) at an issue price of RM0.10 each, pursuant to 3 separate settlement agreements entered into between Nexgram and each of the Creditors on 8 November 2022 (“Settlement Agreements”), in following manner:

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A6. Debts and equity securities (cont'd)

Creditors	Amount Owing as at 30 September 2022 (RM)	No. of New ICPS to be issued	No. of Settlement Shares to be issued
Dato' Yek Siew Lee	3,658,107.00	21,948,600	25,606,770
Travix Design & Renovation Sdn Bhd	11,808,459.00	70,850,700	82,659,240
Midland Sands Sdn Bhd	14,125,578.00	84,753,400	98,879,080
Total	29,592,145.00	177,552,700	207,145,090

Salient terms of the New ICPS

The New ICPS are convertible into Conversion Shares in the following manner, pursuant to the Settlement Agreements:

- (i) 2 New ICPS for every 1 share (Conversion Mode 1); or
- (ii) 1 New ICPS together with payment of RM 0.05 for every 1 Share (Conversion Mode 2).

If all 177,552,700 New ICPS are converted based on Conversion Mode 1, a total of 88,776,350 Conversion Shares will be issued. If all 177,552,700 New ICPS are converted based on Conversion Mode 2, a total of 177,552,700 Conversion Shares will be issued.

On 29 March 2023, shareholder has granted an approval for the proposed to undertake a settlement of debt owing at the Extraordinary General Meeting.

On 31 May 2023, the Company completed the proposed Debt Settlement amounting to RM29,592,144 through the issuance of 177,552,700 New ICPS at the issue price of RM0.05 each and 207,145,090 Settlement Shares at the issue price of RM0.10 each under three (3) separate settlement agreements entered with each creditor; Dato' Yek Siew Lee, Travix Design & Renovation Sdn Bhd, and Midland Sands Sdn Bhd.

A7. Dividend paid

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

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A8. Segmental information

The segmental analysis of revenue and (loss)/profit before taxation of the Group for the financial year ended 31 July 2023 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	-	41,040,598	-	249,144	5,279,488	1,573,358	(249,144)	47,893,444
(Loss)/ Profit before taxation	(10,646,545)	2,213,952	(498,430)	(5,285,500)	(1,143,122)	(6,936,075)	62,314	(22,233,406)

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 July 2023.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 July 2023.

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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 except the following:

<u>Contingent liability:</u>	RM
Corporate guarantee granted to subsidiary companies	<u>10,359,182</u>

A14. Capital commitments

There were no capital commitments during the period under review.

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

	Individual Period (4th Quarter)		Changes %	Cumulative Period		Changes %
	Current Quarter	Preceding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31 July 2023 RM'000	31 July 2022 RM'000		31 July 2023 RM'000	31 July 2022 RM'000	
Revenue	14,809	4,148	257.02	47,893	31,020	54.39
Loss from operation	(12,525)	(8,491)	47.51	(17,254)	(14,605)	18.14
Loss before interest and tax	(14,383)	(9,402)	52.98	(21,517)	(16,257)	32.36
Loss before taxation	(14,472)	(10,002)	44.69	(22,233)	(16,950)	31.17
Loss for the period	(14,089)	(12,044)	16.98	(22,133)	(18,959)	16.74
Loss attributable to Ordinary Equity Holders of the parent	(14,018)	(9,342)	50.05	(22,585)	(15,425)	46.42

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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 RM14.8 million in the current 3-month financial period ended 31 July 2023 compared to RM4.1 million reported in the previous year's corresponding period. The Group's revenue increased by 257.02% due to the increase in revenue contribution from the ICT Malaysia division.

The Group recorded a loss before taxation of RM14.4 million for the current 3-month financial period ended 31 July 2023 compared to a loss before taxation of RM10.0 million reported in the preceding year's corresponding period. The loss before tax increased by 44.69% due to the impairment loss on goodwill of a subsidiary.

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

The Group recorded revenue of RM47.9 million in the current 12-month financial year ended 31 July 2023 compared to RM31.0 million reported in the previous year's corresponding period. The Group revenue increased by 54.39% due to the increase in revenue contribution from the ICT Malaysia division.

The Group recorded a loss before taxation of RM22.2 million for the current 12-month financial year ended 31 July 2023 compared to a loss before taxation of RM17.0 million reported in the preceding year's corresponding period. The increase in loss before taxation recorded in the current quarter was mainly attributed by the impairment loss on goodwill of a subsidiary.

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

	Current Quarter 31 July 2023 RM'000	Immediate Preceding Quarter 30 Apr 2023 RM'000	Changes %
Revenue	14,809	9,752	51.86
Loss from operations	(12,525)	(398)	3,046.98
Loss before interest and tax	(14,383)	(1,394)	931.78
Loss before taxation	(14,472)	(1,643)	780.83
Loss after tax	(14,089)	(1,963)	617.73
Loss attributable to Ordinary Equity Holders of the parent	(14,018)	(2,162)	548.38

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B1. Review of performance (cont'd)

(c) Performance of the current quarter against the preceding quarter (cont'd)

For the current quarter ended 31 July 2023, the Group recorded revenue of RM14.8 million compared to RM9.8 million recorded in the previous quarter ended 30 April 2023. The Group's revenue increased by 51.86% due to the increase in revenue contribution from ICT Malaysia division.

The Group recorded a loss before taxation of RM14.5 million for the current quarter ended 31 July 2023, as compared to loss before taxation of RM1.6 million recorded in the previous quarter ended 30 April 2023. The loss increased in this quarter due to the impairment loss on goodwill of a subsidiary.

B2. Current year's prospect

The Management views that year 2024 will continue to be a challenging year due to the outbreak of Covid-19, current economic and politics issues taken part 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 distributions, 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.

On 29 September 2022, Medic Asset Group Sdn Bhd ("MAGSB"), a wholly-owned subsidiary of the Company had entered into a Conditional Share Sales Agreement ("CSSA") with Croske Hotels Sdn Bhd ("CHSB") and Flyboys Club Sdn Bhd ("FCSB") (collectively referred to as the vendors) for the proposed acquisition of the entire equity interest in Wings By Croske Resort Langkawi Sdn Bhd ("WINGS") for a total purchase consideration of RM90.0 million to be satisfied via the issuance of 1,000,000 redeemable convertible preference shares ("RCPS") at an issue price of RM90.00 per RCPS in MAGSB to the Vendors.

On 8 March 2023, MAGSB, CHSB, FCSB and WINGS (collectively the "Parties") entered into a mutual termination agreement ("MTA"). The Parties have mutually agreed to terminate the CSSA according to the terms and conditions of the MTA as despite reasonable effort, there were certain conditions precedent of the CSSA which were unable to be satisfied by the respective Parties within twelve (12) months from the date of the CSSA.

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

However, on 10 March 2023, MAGSB had entered into a Conditional Sale and Purchase Agreement (“CSPA”) with WINGS for the proposed acquisition of the entire management right of a piece of land held under individual title H.S.(D) 110, PT 445, Bandar Padang Mat Sirat, Daerah Langkawi, Kedah measuring approximately 16,900 square metres together with the hotel known as Century One Helang Hotel Langkawi with 218 guest rooms and all the facilities (“the Management Rights of the said Property”) for a total purchase consideration of RM22.50 million to be satisfied via the issuance of 250,000 RCPS at an issue price of RM90.00 only per RCPS in MAGSB to the Vendor (“Proposed Acquisition”). The sale and purchase transaction has yet to be completed.

In the past, the Property had been rented by the Group to carry out activities under its SAFETRAC Lounge and Wellness Centre program. SAFETRAC Lounge and Wellness Program was undertaken by Nexgram as it was appointed by the State Government of Kedah and accepted by the Lembaga Pembangunan Langkawi to carry out COVID-19 tests in line with the Malaysia International Travel Bubble program in Langkawi between 1 November 2021 and 21 July 2022. The hotel handled over 8,000 foreign visitors, with full utilisation of the Property’s 18 suite rooms during the period. This arrangement has since been discontinued since the Malaysia International Travel Bubble program ceased and the Government of Malaysia fully opened the country’s border beginning April 2022.

The upcoming year will be a tougher year as the economic is in the process of recovery from the endemic of COVID-19 and rise of commodity price. However, our objective remains unchanged. Sensorlink Group is focusing on video surveillance and cybersecurity especially in financial sector to provide excellent service to the end users. In the upcoming year, we will venture into data centre project for physical security and IT infrastructure solution. We believe that Malaysia will becoming the next regional data centre hub. Continuously effort and engagement of new business development team allows us to tender government projects and secure government retrofit projects relate to security surveillance and IT infrastructure. Sensorlink Group will investing in new businesses to develop own local brand access control system, time attendance and visitor management system to capture new market share and increase the company product portfolio.

The Management expects year 2024 will be challenging but remains confident with the business opportunities identified and will act cautiously to ensure continue business growth.

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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 July 2023	Year to date 31 July 2023
	<u>RM</u>	<u>RM</u>
Depreciation charges	1,787,106	4,698,444
Interest expense	199,248	957,912
Interest income	(111,257)	(242,245)
Unrealised (gain)/loss on foreign exchange	(51,512)	225
Realised loss on foreign exchange	8,640	8,597
	8,640	8,597

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31 July 2023	31 July 2022	31 July 2023	31 July 2022
	RM	RM	RM	RM
Current period's provision	(369,739)	428,568	(33,673)	394,715
Deferred tax provision	(12,498)	1,614,202	(66,261)	1,614,202
Total	(382,237)	2,042,770	(99,934)	2,008,917

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.

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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 July 2023.

Secured borrowings	Payable within 12 months (RM)	Payable after 12 months (RM)
Denominated in: - Malaysian Ringgit	3,357,741	9,865,806

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 Lau Tian Kit**

i. **Kuala Lumpur High Court WA 22NC-210-04/2019: Coconut Three Sdn Bhd, Mazru Bin Mat Yusof and 1 other (“Appellant”) and Lau Tian Kit, Spaciouts Glory Sdn Bhd and 1 other (“Respondents”)**

The above case is in respect of the counterclaim made by appellant to strike out the conspiracy claims made against them by the Respondents.

The appeal is in relation to the dismissal of the counterclaim by the High Court on 10 November 2020.

All the witnesses have given their testimonies in Court, now the Court has fixed date to file Additional submission on 18 May 2020 for Decision on 25 May 2020.

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B9. Material litigation (cont'd)

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

i. Kuala Lumpur High Court WA 22NC-210-04/2019: Coconut Three Sdn Bhd, Mazru Bin Mat Yusof and 1 other (“Appellant”) and Lau Tian Kit, Spaciouts Glory Sdn Bhd and 1 other (“Respondents”) (cont'd)

On 25 May 2022, the court delivered its decision as follows subject to allocator fee: -

1. Coconut Three Sdn Bhd, Nexgram Holdings Berhad, Mazru and Leing Ti Kang jointly pay for RM150,000 and RM200,000 as General Damages and Aggravated Damages;
2. Coconut Three, Nexgram, Mazru and Leing Ti Kang separately pay for RM100,000 each as Exemplary Damage; and
3. Coconut Three, Nexgram, Mazru and Leing Ti Kang jointly pay for RM180,000 as legal costs.

The appellant has filed a Notice of Appeal against the said decision of the High Court to the Court of Appeal which next the case management on 6 October 2022. Subsequently, case management is on 11 October 2022 and has fixed the case on 2 October 2022 for the appellant to file the stay of application. The appellant and respondents to file their respective written submission and Bundle of Authorities on 28 May 2023, and the case is fixed for hearing on 20 November 2023.

b) Legal Suit with Kenteam Sdn Bhd

Tri-G Technologies Sdn Bhd (“Plaintiff”) vs Kenteam Sdn Bhd (“Defendant”)

The Plaintiff commenced a pre-action discovery suit against the Defendant to obtain necessary information and documents from the Defendant for a few transactions of sale of goods between the Plaintiff and the Defendant.

The hearing was fixed before the Honourable High Court Judicial Commissioner on 6 September 2022. On 6 September 2022, the Honourable High Court Judicial Commissioner allowed the Plaintiff to obtain the information and documents from the Defendant.

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B9. Material litigation (cont'd)

c) Legal Suit with Perbadanan Bioteknologi Melaka

Tri-G Technologies Sdn Bhd (“Plaintiff”) vs Perbadanan Bioteknologi Melaka (“Defendant”)

In the abovementioned suit, the Plaintiff claim against the Defendant for the following:-

1. A declaration that the purported termination of the said Agreement by the Defendant is wrongful;
2. A sum of RM729,135 or any other sum as assessed by this Honourable Court being the balance sum unpaid by the Defendant for the delivered items;
3. Loss of profit for 3 years being the Contract period amounting to RM19,877,080 or any other sums as assessed by the Honourable Court;
4. Interest at the rate of 5% per annum on the adjudged amount in paragraph 2 and 3 above from the date of judgement until full and final realisation;
5. Cost; and
6. Any other relief as deemed appropriate by this Honourable Court.

The suit is fixed for trial on 6 and 7 November 2023.

d) Winding-up petition served by CIMB Islamic Bank Berhad (“petitioner”) against Nextnation Datacity Sdn Bhd (“Respondents”)

On 16 May 2023, Nextnation Datacity Sdn. Bhd. ("NDSB"), the wholly owned subsidiary of Nexgram Holdings Berhad ("NHB") had received the winding up petition ("Petition") served by CIMB Islamic Bank Berhad ("Petitioner"). The Petition was presented by the Petitioner to the High Court of Malaya at Kuala Lumpur on 11 May 2023.

NDSB was indebted to the Petitioner for the sum of RM8,664,908.80 as at 8 March 2023, being an amount due under the Judgement dated 3 February 2023 obtained by the Petitioner at the High Court at Kuala Lumpur. NDSB had failed and neglected to pay or satisfy the said sum or any part thereof to the Petitioner.

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B9. Material litigation (cont'd)

d) Winding-up petition served by CIMB Islamic Bank Berhad (“petitioner”) against Nextnation Datacity Sdn Bhd (“Respondents”) (cont'd)

Pursuant to the Petition, the Petitioner claimed the following from the Respondent:

1. Total outstanding amount of RM8,629,635.31;
2. Interest rate at 1% per annum on a total of RM5,471,777.63 from 28 September 2022 to the date of full settlement; and
3. Other cost RM2,147.00

The Petition is fixed for Case Management on 5 July 2023 and the Hearing for the Winding-Up Petition is fixed on 6 November 2023.

e) Legal suit with Maybank Islamic Berhad

Maybank Islamic Berhad (“Plaintiff”) vs Tri-G Technologies Sdn. Bhd., Nor Halim bin Ahmad Sayuni and Nexgram Holdings Berhad (“Defendant”)

On 18 August 2023, Tri-G Technologies Sdn. Bhd. received Writ of Summon from Plaintiff regarding the outstanding balance of Commodity Murabahah Term Financing-i worth RM1,771,628.31 as at 31st May 2023.

If unable to pay by 13 October 2023, Plaintiff will take action to wind up NHB as the guarantor.

f) Notice of Demand from Dato’ Dr. Bob Lew Shiong Loon and Ms. Lai Hui Yeen

Dato’ Dr. Bob Lew Shiong Loon and Ms. Lai Hui Yeen (“Plaintiff”) vs Nexgram Holdings Berhad (“Defendant”)

On 12 September 2023, NHB received Notice of Demand amounted RM219,400.00 from former Non-Executive Director regarding their outstanding director fees and some other fees.

On 25 September 2023, NHB replied Notice of Demand to Plaintiff’s lawyer, wherein NHB will respectfully decline the outstanding of other fees except the director fees. Additionally, NHB requested further clarification and elaboration on the amounts in the question for a more comprehensive understanding of the matter.

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B9. Material litigation (cont'd)

g) Legal suit with CIMB Bank Berhad

CIMB Bank Berhad (“Plaintiff”) vs Nexgram Holdings Berhad (“Defendant”)

On 18 August 2023, NHB received Notice of Demand regarding the consequence of Nextnation Network Sdn. Bhd.’s (“the Borrower”) liquidation. NHB in its capacity as the guarantor pursuant to the Guarantee and Indemnity Agreement executed on 22 January 2007, bears a legally binding obligation to fulfil the statement of the outstanding payments.

On 5 September 2023, NHB responded via email to the Plaintiff’s lawyer, clarifying that the Borrower had been disposed from the Group and consequently, NHB is not legally obligated to cover the outstanding amount.

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 loss for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter	Current Year to date
Loss attributable to ordinary equity holders of the Company (RM)	(14,018,498)	(22,585,435)
Weighted average number of shares	4,555,536,445	4,555,536,445
Basic earnings per shares (sen)	(0.31)	(0.50)

(b) Diluted

Not applicable.