

NATIONWIDE EXPRESS HOLDINGS BERHAD

**REPORT FOR THE QUARTER ENDED
31 MARCH 2017
FOR BURSA SECURITIES ANNOUNCEMENT**

DATE: 31 MAY 2017

NATIONWIDE EXPRESS HOLDINGS BERHAD
(COMPANY NO : 1185457-K)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2017

Except as disclosed otherwise, the figures have not been audited

	INDIVIDUAL		CUMULATIVE	
	CURRENT QTR ENDED 31 MARCH 2017 RM'000	CORRESPONDING QTR ENDED 31 MARCH 2016 RM'000	12 MONTHS CUMULATIVE 31 MARCH 2017 RM'000	12 MONTHS CUMULATIVE 31 MARCH 2016 RM'000
Revenue	23,579	21,056	86,908	91,919
Cost of Services	(16,842)	(16,198)	(72,267)	(72,662)
Gross Profit	6,737	4,858	14,641	19,257
Other Income	22	302	62	510
Administrative Expenses	(12,619)	(8,979)	(28,914)	(24,363)
Selling and Marketing Expenses	(435)	(277)	(1,573)	(1,492)
Loss Before Tax	(6,295)	(4,096)	(15,784)	(6,088)
Income Tax Expense	-	172	-	(70)
Loss Net of tax	(6,295)	(3,924)	(15,784)	(6,158)
Other Comprehensive Loss:				
Currency translation differences arising from consolidation	(14)	39	(119)	3
Total Comprehensive Loss for the period/year	(6,309)	(3,885)	(15,903)	(6,155)
Loss per share -Basic (sen)	(10.47)	(6.53)	(26.26)	(10.24)

The basic LPS is calculated based on the net loss for the period/year divided by the weighted average number of shares in issue during the period/year.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

NATIONWIDE EXPRESS HOLDINGS BERHAD
(COMPANY NO : 1185457-K)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

Except as disclosed otherwise, the figures have not been audited

	As at 31 March 2017 RM'000	As at 31 March 2016 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	25,399	27,351
Deferred Tax Assets	234	234
Current Assets		
Inventories	306	742
Trade Receivables	18,144	24,826
Other Receivables	7,154	5,613
Cash and Bank Balances	4,143	6,970
	<u>29,747</u>	<u>38,151</u>
TOTAL ASSETS	<u>55,380</u>	<u>65,736</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	60,529	60,116
Share Premium	-	413
Reserves	(20,605)	(4,702)
Total Equity	<u>39,924</u>	<u>55,827</u>
Non-current Liability		
Hire purchase	211	2,048
Deferred Tax Liabilities	-	-
	<u>211</u>	<u>2,048</u>
Current Liabilities		
Other Payables	13,410	6,026
Hire purchase	1,835	1,835
	<u>15,245</u>	<u>7,861</u>
Total Liabilities	15,456	9,909
TOTAL EQUITY AND LIABILITIES	<u>55,380</u>	<u>65,736</u>
Net Assets Per Share (sen)	<u>66</u>	<u>93</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2016

	Share Capital RM '000	Share Premium RM '000	Non - Distributable Exchange Fluctuation Reserve RM '000	Distributable Retained Profits RM '000	Total RM '000
At 1 April 2015	60,116	413	54	1,399	61,982
Total comprehensive loss for the year	-	-	3	(6,158)	(6,155)
At 31 March 2016	60,116	413	57	(4,759)	55,827

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2017

Except as disclosed otherwise, the figures have not been audited.

	Share Capital RM '000	Share Premium RM '000	Non - Distributable Exchange Fluctuation Reserve RM '000	Distributable Retained Profits RM '000	Total RM '000
At 1 April 2016	60,116	413	57	(4,759)	55,827
Total comprehensive loss for the year	-	-	(119)	(15,784)	(15,903)
Transfer to share capital due to changes in Company Act	413	(413)	-	-	-
At 31 March 2017	60,529	-	(62)	(20,543)	39,924

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

NATIONWIDE EXPRESS HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period Ended 31 March 2017

Except as disclosed otherwise, the figures have not been audited

	12 Months Ended 31 March 2017 RM '000	12 Months Ended 31 March 2016 RM '000
Cash Flow From Operating Activities		
(Loss)/Profit Before Tax	(15,784)	(6,088)
Adjustments for :		
Depreciation of property, plant and equipment	3,718	3,816
Gain on disposal of property, plant & equipment	(96)	(18)
Net impairment loss of trade and other receivables	4,918	5,389
Net impairment loss write back of inventories	-	(69)
Interest Income	(62)	(263)
Interest Expense	157	286
Operating Profit Before Working Capital Changes	(7,149)	3,053
Decrease/(Increase) in Inventories	436	(261)
(Increase)/Decrease in Receivables	736	(1,780)
Increase/(Decrease) in Payables	7,384	(2,831)
Cash Generated used in Operations	1,407	(1,819)
Taxation paid	(575)	(632)
Interest paid	(157)	(286)
Tax refund	76	621
Net Cash Used in Operating Activities	751	(2,116)
Cash Flow From Investing Activities		
Interest received	62	263
Purchase of property, plant and equipment	(1,780)	(908)
Proceeds from disposal of property, plant and equipment	96	18
Net Cash Used in Investing Activities	(1,622)	(627)
Cash Flow From Financing Activities		
Repayment of hire purchase financing	(1,837)	(2,389)
Net Cash Used in Financing Activities	(1,837)	(2,389)
Net movement in Cash and Cash Equivalents	(2,708)	(5,132)
Effects of exchange rate changes	(119)	3
Cash and Cash Equivalents at Beginning of the Year	6,970	12,099
Cash and Cash Equivalents at End of the Year	4,143	6,970
Cash and Bank Balances	2,154	3,244
Fixed Deposit	1,989	3,726
Total Cash and Cash Equivalents	4,143	6,970

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Selected Explanatory Notes:

- **Part A – Explanatory Notes Pursuant to MFRS 134 (Interim Financial Reporting)**
- **Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad**

Part A – Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation and Changes in Accounting Policies

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") as issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

A2. Significant Accounting Policies

(a) Changes in accounting policies

On 1 April 2016, the Group adopted certain applicable new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 April 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

Annual Improvements to MFRSs 2010-2014 Cycle

Amendments to MFRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

MFRS 14: Regulatory Deferral Accounts

The adoption of the above MFRSs and Amendments to MFRSs did not have any effect on the financial performance or presentation of the financial statements of the Group.

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A2. Significant Accounting Policies (contd.)

(b) Standards and interpretations issued but not yet effective

The Group has not earlier adopted the following new and amended MFRSs and IC Interpretations that are not effective:

Description	Effective for annual period beginning on or after
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transaction	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

The Group intends to adopt these standards, if applicable, when they become effective. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than for MFRS 15: Revenue from Contracts with Customers and MFRS 9: Financial Instruments.

(c) Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual period beginning on or after 1 January 2012, with the expectation of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for the Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called “Transitioning Entities”)

Transitioning Entities are allowed to defer adoption of the new MFRSs Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

A2. Significant Accounting Policies (contd.)

(c) Malaysian Financial Reporting Standards (MFRS Framework)

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS interim financial statements for the quarter ending 30 June 2018. In presenting its first MFRS financial statements, the Group will be required to adjust the comparative financial statements prepared under FRS to amount reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. The Group expects to be in a position to fully comply with the requirements on the MFRS Framework for the financial year ending 31 March 2019.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2016 was unqualified.

A4. Seasonal and Cyclical Factors

The business operations of the Group are not affected by any seasonal and cyclical factors.

A5. Unusual items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 March 2017.

A6. Changes in Estimates

There were no changes in the estimates that have had a material effect in the current quarter results.

A7. Issuances, Cancellation, Repurchases, Resale and Repayment of Debts and Equity securities

There were no issuances and repayment of debt and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares for the current financial year.

A8. Dividends Paid

No dividend was paid in the quarter under review.

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A9. Segmental Revenue and Results

The Group is organised into the following business segments:

- i. Express courier services ("Courier") which consist of express courier services and mailroom management services;
- ii. Logistics and Others Services ("Logistics and Others") consist of freight forwarding services, trucking services, warehousing services, customized local and overseas logistics services and distribution services. This segment has been reclassified from previous reporting of freight forwarding services and others services.

Management monitors the operating results of its business separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects as explained below, is measured differently from the operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes and segmental reporting on assets and liabilities are managed on a group basis and not allocated to operating segments.

Current Year-to-date March 2017	Courier RM'000	Logistics and others RM'000	Eliminations RM'000	As per consolidated financial statements RM'000
Revenue				
External	80,755	6,153	-	86,908
Inter-segment	1,343	1,259	(2,602)	-
Total revenue	<u>82,098</u>	<u>7,412</u>	<u>(2,602)</u>	<u>86,908</u>
Results				
Interest Income	61	1	-	62
Depreciation	3,679	39	-	3,718
Segment loss net of tax	<u>(15,118)</u>	<u>(666)</u>	<u>-</u>	<u>(15,784)</u>
Segment assets	<u>63,760</u>	<u>3,637</u>	<u>(12,017)</u>	<u>55,380</u>
Segment liabilities	<u>22,389</u>	<u>10,456</u>	<u>(17,389)</u>	<u>15,456</u>

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A9. Segmental Revenue and Results (Contd.)

Current Year-to-date March 2016	Courier RM'000	Logistics and others RM'000	Eliminations RM'000	As per consolidated financial statements RM'000
Revenue				
External	85,594	6,325	-	91,919
Inter-segment	1,992	1,085	(3,077)	-
Total revenue	<u>87,586</u>	<u>7,410</u>	<u>(3,077)</u>	<u>91,919</u>
Results				
Interest Income	254	9	-	263
Depreciation	3,720	96	-	3,816
Segment loss net of tax	<u>(3,096)</u>	<u>(1,963)</u>	<u>(1,099)</u>	<u>(6,158)</u>
Segment assets	<u>76,682</u>	<u>4,042</u>	<u>(14,988)</u>	<u>65,736</u>
Segment liabilities	<u>12,218</u>	<u>10,167</u>	<u>(12,476)</u>	<u>9,909</u>

Geographical information

The activities of the Group during the current and previous corresponding year substantially relate to the providing of express courier services, trucking services, freight forwarding services, customised logistics services, mailroom management services, retail and warehousing and are predominantly conducted in Malaysia.

Consequently, revenue and non-current assets information based on the geographical location of customers and assets is predominantly in respect of Malaysia.

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A10. Notes to the Condensed Consolidated Income Statement of Comprehensive Income

Loss before tax is arrived at after charging / (crediting) the following items:

	Individual		Cumulative	
	Current Quarter Ended 31-Mar 2017 <u>RM'000</u>	Corresponding Quarter Ended 31-Mar 2016 <u>RM'000</u>	Current Year Ended 31-Mar 2017 <u>RM'000</u>	Corresponding Year Ended 31-Mar 2016 <u>RM'000</u>
(a) Interest expense	159	76	157	286
(b) Interest income	(223)	(55)	(62)	(263)
(c) Net impairment loss of trade and other receivables	6,930	4,055	8,918	5,389
(d) Depreciation of property, plant & equipment	1,190	1,061	3,718	3,816
(e) Net loss/(gain) on foreign exchange	-	74	(335)	-

A11. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

A12. Subsequent Material Events

Save for the Corporate Proposals in B6, there were no material events subsequent to the end of the current quarter.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

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A14. Changes in Contingent Liabilities

There are claims amounting to RM218, 460 (2016: Nil) from third parties. On the merits of the cases and as supported by legal advice, no provision has been made in the financial statements.

Save for the above, there is no other contingent liability of the Group as at the date of this announcement.

A15. Capital Commitments

The amount of commitments for purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2017 are as follows:

	RM '000
Approved and contracted for	30
Approved but not contracted for	<u>2,720</u>

A16. Related Party Transactions

<u>Company</u>	Current Year – to - date 31 March 2017 RM'000
BHR Enterprise Sdn. Bhd. - rental expense payable	(80)
Percetakan Keselamatan Nasional Sdn. Bhd. - delivery and courier services rendered	191
- rental expense payable	(62)
Fima Corporation Berhad - delivery and courier services rendered	11
- rental expense payable	(16)

Fima Corporation Berhad and Percetakan Keselamatan Nasional Sdn. Bhd. are recurrent related parties to the Group and the Company by virtue of a common substantial shareholder, BHR Enterprise Sdn. Bhd.

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and established under terms that are not materially different from those obtainable with unrelated parties.

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A17. Acquisition of Property, Plant and Equipment

As at the end of the financial year ended 31 March 2017, the Group has acquired the following assets: -

	Current Year-to-date 31 March 2017 RM'000
Capital in Progress (CIP)	1,540
Leasehold improvements	25
Computer/machine/office equipment	207
Furniture & Fittings	8
	<u>1,780</u>

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

Group Performance

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	86.91	91.92	(5.01)	-5.45%
Loss Net of Tax	(15.78)	(6.16)	9.63	156.33%

The Group revenue for the year ended 31 March 2017 stood at RM86.91 million as compared to RM91.92 million in the previous year, a decrease of RM5.01 million (5.45%) mainly due to the lower business volume of the courier segment during the year.

The Group's loss net of tax for the year has increased to RM15.78 million compared to a loss net of tax of RM6.16 million in the previous year mainly due to the decrease in revenue.

The performance of each business segment is as follows:

i) Courier Segment

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	82.10	87.59	(5.49)	-6.27%
Loss Net of Tax	(15.12)	(3.10)	12.02	387.74%

The revenue in the courier segment decreased by 6.27% from RM87.59 million in the previous year to RM82.10 million currently. The decrease was mainly due to the decrease in volume recorded during the year. The courier segment has recorded a loss net of tax of RM15.12 million as compared to the loss net of tax of RM3.10 million recorded in the previous year under review.

ii) Logistics and Other Segment

(RM Million)	Current YTD	Previous YTD	Variance	%
Revenue	7.41	7.41	0.00	0.00%
Loss Net of Tax	(0.67)	(1.96)	1.29	65.82%

The revenue remained the same at RM7.41 million. The loss net of tax was at RM0.67 million as compared to the loss net of tax of RM1.96 million recorded in the previous year.

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B2. Comparison with preceding quarter's results

Group Performance

	QTR 4	QTR 3		
(RM Million)	FY 2016/2017	FY2016/2017	Variance	%
Revenue	23.58	22.91	0.67	2.92%
Loss Net of Tax	(6.30)	(2.55)	3.75	147.06%

During the current quarter, the Group recorded revenue of RM23.58 million, higher by 0.67 million or 2.92% as compared to the revenue recorded in the preceding quarter.

The Group's loss net of tax for the current quarter was RM6.30 million as compared to a loss net of tax of RM2.55 million in the preceding quarter.

The performance of each business segment is as follows:

i) Courier Segment

	QTR 4	QTR 3		
(RM Million)	FY2016/2017	FY 016/2017	Variance	%
Revenue	23.00	19.49	3.51	18.01%
Loss Net of Tax	(5.92)	(2.77)	3.15	113.72%

The courier segment recorded an increase in revenue by RM3.51 million to RM23.00 million in the current quarter as compared with the preceding quarter. The decrease was due to the decrease in volume recorded in the current quarter. The loss net of tax was RM5.92 million as compared to the loss net of tax of RM2.77 million recorded in the preceding quarter.

ii) Logistics and Others Segment

	QTR 4	QTR 3		
(RM Million)	FY	FY	Variance	%
	2016/2017	2016/2017		
Revenue	0.85	4.39	(3.54)	-80.64%
(Loss)/Profit Net of Tax	(0.34)	0.22	(0.56)	-254.55%

The logistics and others segment recorded revenue of RM0.85 million in the current quarter as compared to RM4.39 million in the preceding quarter.

This segment recorded a loss net of tax of RM0.34 million as compared to a profit net of tax of RM0.22 million in the preceding quarter.

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B3. Current year prospects

In light of the current economic situation, the Group expects the business environment for the coming quarter to be more challenging.

B4. Explanatory notes on variances with profit forecasts or profit guarantee

Not applicable as the Group did not issue any profit forecasts and/or profit guarantee to the public.

B5. Taxation

Taxation for the current quarter comprises the following:

	Individual	
	Current	Corresponding
	Quarter	Quarter
	Ended	Ended
	31-March	31-March
	2017	2016
	RM '000	RM '000
Income tax	-	111
Deferred tax	-	(283)
Total Income Tax Expenses	<u>-</u>	<u>(172)</u>

B6. Corporate Proposals

- (i) On 8 November 2016, NECSB entered into a conditional share acquisition agreement with Ong Eng Lee and Lim Kew Wan to acquire the entire issued and paid-up share capital of Airpak Express (M) Sdn. Bhd. (“Airpak”) subject to the terms and conditions contained in the Share Acquisition Agreement (“Proposed Acquisition”).

The Proposed Acquisition entails the acquisition of 657,001 ordinary shares of RM1.00 each and 73,000 ordinary shares of RM1.00 each from Ong Eng Lee and Lim Kew Wan respectively, representing the entire issued and paid-up share capital of Airpak by NECSB for a total purchase consideration of approximately RM33.16 million to be satisfied in the following manner:

- RM30.00 million in cash to be paid in the manner set out in Section 2.2 of the announcement dated 8 November 2016; and

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B6. Corporate Proposals (Contd)

- Issuance and allotment of 6,328,021 new ordinary shares of RM0.50 each in Nationwide Express Holdings Berhad (“NEHB”) at an issue price of RM0.50 per share, equivalent to approximately RM3.16 million.

For clarity purposes, NECSB is in the midst of an internal reorganization exercise which involves *inter alia* a proposed exchange of all the existing listed shares of NECSB with new NEHB shares in NEHB via a scheme of arrangement under Section 176 of the Companies Act, 1965 and thereafter a proposed assumption of the listing status of NECSB by NEHB (“Proposed Internal Reorganisation”). The Proposed Acquisition is conditional upon *inter alia*, the completion of the Proposed Internal Reorganisation.

Notwithstanding the completion of the Share Acquisition Agreement, Ong Eng Lee, unconditionally and irrevocably warrants and guarantees to NECSB that Airpak and its subsidiary shall have an aggregate audited consolidated profit after tax as follows:

- RM5.00 million for the financial period commencing 1 August 2016 and ending 31 July 2017 (“Year 1 Guaranteed PAT”); and
- RM5.00 million for the financial period commencing 1 August 2017 and ending 31 July 2018 (“Year 2 Guaranteed PAT”).

The Proposed Acquisition is subject to the following approvals being obtained:

- Bursa Securities for the listing of and quotation for the NEHB Consideration Shares to be issued pursuant to the Proposed Acquisition;
- Shareholders of NECSB or NEHB at the extraordinary general meeting to be convened; and
- Any other authorities and/or parties, if required.

Saved for the Proposed Internal Reorganisation, the Proposed Acquisition is not conditional upon any other proposal undertaken or to be undertaken by the Company.

On 7 February 2017, NECSB, a wholly-owned subsidiary of the Company, and the vendors have entered into a supplemental letter in respect of the SSA dated 8 November 2016 to mutually agree to extend the time for the fulfillment of the SAA Conditions for a further period of three (3) months, i.e. until 7 May 2017.

On 8 May 2017, the Board of Directors announced that pursuant to mutual discussions between NEHB and the Vendors as well as the Board’s deliberations during the course of the due diligence exercise conducted on Airpak, NEHB and the Vendors have mutually agreed not to extend the time for the fulfillment of the SAA conditions beyond 7 May 2017 and to allow the same to lapse. As such, the SAA is rendered null and void.

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B6. Corporate Proposals (contd.)

- (ii) On 24 January 2017, NEHB entered into a conditional share acquisition agreement with Wong Fok Lim and Foo Shiew Kiang (collectively known as the “Vendors”) to acquire the entire issued and paid-up share capital in the following:
- MTR Services Sdn.Bhd. (“MTR Services”);
 - MTR Freight Sdn.Bhd. (“MTR Freight”); and
 - MTR Services (Sarawak) Sdn.Bhd. (“MTR Services (Sarawak)”;

for a total purchase consideration of RM40.0 million (“Purchase Consideration”) to be satisfied entirely in cash, subject to the terms and conditions contained in the Share Acquisition Agreement (“Proposed Acquisitions”).

MTR Services, MTR Freight and MTR Services (Sarawak) are collectively to be referred to as the “Target Companies”.

The Proposed Acquisitions entail the acquisitions of the Target Companies by NEHB from the Vendors as follows:

- acquisition of 1,000,000 ordinary shares of RM1.00 each in MTR Services representing the entire issued and paid-up share capital of MTR Services;
- acquisition of 100,000 ordinary shares of RM1.00 each in MTR Freight representing the entire issued and paid-up share capital of MTR Freight;
- acquisition of 100,000 ordinary shares of RM1.00 each in MTR Freight representing the entire issued and paid-up share capital of MTR Freight.

Notwithstanding the completion of the Share Acquisition Agreement, the Vendors, unconditionally and irrevocably warrants and guarantees to NEHB that the Target Companies shall have an aggregate audited consolidated profit after tax of at least RM6.0 million (“Accumulated 3-Year Guaranteed PAT”), as follows:

- RM2.00 million for the financial period commencing 1 April 2017 and ending 31 March 2018 (“Year 1 Guaranteed PAT”);
- RM2.00 million for the financial period commencing 1 April 2018 and ending 31 March 2019 (“Year 2 Guaranteed PAT”); and
- RM2.00 million for the financial period commencing 1 April 2019 and ending 31 March 2020 (“Year 3 Guaranteed PAT”);

(collectively, “Profit Guarantee”), and an aggregate revenue of at least RM120.0 million as follows:

- RM40.00 million for the financial period commencing 1 April 2017 and ending 31 March 2018 (“Year 1 Guaranteed Revenue”);
- RM40.00 million for the financial period commencing 1 April 2018 and ending 31 March 2019 (“Year 2 Guaranteed Revenue”); and

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B6. Corporate Proposals (contd.)

- RM40.00 million for the financial period commencing 1 April 2019 and ending 31 March 2020 (“Year 3 Guaranteed Revenue”);

(collectively, “Profit Guarantee”), of which both Profit Guarantee and Revenue Guarantee form part of the basis of the Purchase Consideration payable by NEHB to the Vendors.

The Proposed Acquisitions are subject to the following approvals being obtained:

- Shareholders of NEHB at the extraordinary general meeting to be convened; and
- Any other authorities and/or parties, if required.

The Proposed Acquisitions are not conditional upon any other proposal undertaken or to be undertaken by the Company.

On 24 May 2017, the Board of Directors announced that pursuant to mutual discussions between NEHB and the Vendors as well as the Board’s deliberations during the course of the due diligence exercise conducted on MTR, NEHB and the Vendors have mutually agreed not to extend the time for the fulfillment of the SAA conditions beyond 23 May 2017 and to allow the same to lapse. As such, the SAA is rendered null and void.

B7. Realised/unrealised losses

	As at 31 March 2017 RM ‘000	As at 31 March 2016 RM ‘000
Total accumulated losses of the Company and its subsidiaries:		
Realised	(21,695)	(5,911)
Unrealised	<u>234</u>	<u>234</u>
	(21,461)	(5,677)
Add : Consolidation adjustment	<u>918</u>	<u>918</u>
Total group accumulated losses as per consolidated accounts	<u>(20,543)</u>	<u>(4,759)</u>

B8. Changes in Material Litigation

There have been no changes in material litigation since the last annual reporting date of 31 March 2016.

B9. Dividends

No dividends were proposed for the current quarter under review.

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B10. Loss Per Share

Basic

Basic loss per share is calculated by dividing the net loss for the period/year attributable to the shareholders by the weighted average number of ordinary shares in issue during the period/year.

	Current Quarter Ended 31 March 2017 (RM'000)	Corresponding Quarter Ended 31 March 2016 (RM'000)	Current Year Ended 31 March 2017 (RM'000)	Corresponding Year Ended 31 March 2016 (RM'000)
Net loss (RM '000)	(6,295)	(3,924)	(15,784)	(6,158)
Weighted average/ number of ordinary shares in issue ('000)	60,116	60,116	60,116	60,116
Basic LPS (sen)	(10.47)	(6.53)	(26.26)	(10.24)

B11. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 31 May 2017.

BY ORDER OF THE BOARD

Rozilawati binti Haji Basir
Managing Director

31 May 2017