

NEXTGREEN GLOBAL BERHAD (719660-W)**DEVIATION OF 10% OR MORE BETWEEN THE ANNOUNCED UNAUDITED FINANCIAL RESULTS ANNOUNCED ON 28 FEBRUARY 2020 AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****1. INTRODUCTION**

The Company refers to the unaudited financial results for the quarter ended 31 December 2019 ("6Q FY 2019") which was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 February 2020.

2. DEVIATION BETWEEN UNAUDITED RESULTS AND THE AUDITED RESULTS

In compliance with Paragraph 9.19 (35) of the Main Market Listing Requirement of Bursa Securities, the Company wishes to announce that there is a deviation of more than 10% between the unaudited financial results announced on 28 February 2020 and its audited financial statements ("AFS") for the financial period ended 31 December 2019 ("FY 2019"), in respect of the net loss after tax of the Company of RM45.6 million in the AFS as compared to RM32.7 million as announced in the unaudited financial results. The deviation is reconciled and explained as below:

Statement of Comprehensive Income for the period 01/07/2018 to 31/12/2019	Financial Figure		Deviation	
	AFS 2019 (RM'000)	6Q FY 2019 RM'000	Amount RM'000	Percentage (%)
Loss attributable to:				
Owners of the Company	(45,575)	(32,738)	(12,837)	39.2
Non-controlling interests	0	0	0	0
	(45,575)	(32,738)	(12,837)	39.2
Total comprehensive loss attributable to:				
Owners of the Company	(45,474)	(32,395)	(13,079)	40.3
Non-controlling interests	0	0	0	0
	(45,474)	(32,395)	(13,079)	40.3

Reconciliation of deviation:

	RM'000
Loss attributable to owners of the company As per 6Q FYE 2019	(32,738)
Decrease in other operating income	(5,854)
Increase in other operating expenses	(6,983)
Loss attributable to owners of the company As per AFS 2019 (Audited)	(45,575)
Total comprehensive loss attributable to owners of the company as per 6Q FYE 2019	(32,395)
Decrease in other operating income	(5,854)
Increase in other operating expenses	(6,983)
Decrease in foreign currency translation reserve	(242)
Total comprehensive loss attributable to owners of the company as per AFS 2019 (Audited)	(45,474)

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Explanation of deviation:

The deviation of 39.2%, in respect of loss after tax is translated to **RM12,837,397**. This was mainly due to audit adjustment made on the following:

- 1) **Reversal of Deposit Forfeiture** Income amounting to **RM2,240,885** which was derived from the cancellation of disposal of BHS Palau Incorporated. No strong audit evidence to support the income recognition in the financial year ended 31 December 2019.
- 2) **Reversal of Gain on disposal** (net affect) amounting to **RM3,613,403** for the sale of a piece of Land by Ultimate Ivory Sdn Bhd. Based on the auditor's opinion, any Gain/Loss shall be recognised only after the completion of disposal which means upon full payment and delivery of vacant possession as stated in the Sales & Purchase Agreement.
- 3) **Additional recognition of impairment losses on Property, Plant & Equipment ("PPE") under construction** amounting to **RM7,004,504**. Due to the delay in the construction of pulp and paper factory in Pahang, the management has performed further impairment review which led to the additional impairment loss to be recognised. However, it does not have any cash flow impact to the Group's operation. Despite the material impact to the Group's result for year ended 31 December 2019, the management is confident the non-cash impairment losses on PPE will be recovered upon the commencement of commercial production for the pulp & paper business, which will generate positive cash flow in the coming financial year.

This announcement is dated 25 June 2020.