



NESTCON BERHAD

**[Registration No. 202001008684 (1365004-W)]
(Incorporated in Malaysia)**

**Unaudited Interim Financial Report
For the Fourth Quarter Ended
31 December 2022**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Year Quarter 31.12.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2021 RM'000	Unaudited Current Year-to-date 31.12.2022 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM'000
Revenue		144,588	107,283	461,518	358,261
Cost of sales		(163,106)	(98,038)	(461,925)	(329,739)
Gross (loss)/profit		(18,518)	9,245	(407)	28,522
Other income		727	245	2,567	1,519
Administrative expenses		(3,167)	(2,698)	(12,903)	(11,555)
Other operating expenses		(14)	(13)	(112)	(69)
(Loss)/Profit from operations		(20,972)	6,779	(10,855)	18,417
Finance costs		(2,507)	(1,543)	(7,819)	(5,614)
(Loss)/Profit before tax	B12	(23,479)	5,236	(18,674)	12,803
Tax income/(expense)	B5	4,956	1,312	3,114	(592)
(Loss)/Profit after tax/Total comprehensive (loss)/income for the financial period/year		(18,523)	6,548	(15,560)	12,211
(Loss)/Profit after tax/Total comprehensive (loss)/income for the financial period/year attributable to:					
Owners of the Company		(18,471)	6,548	(15,348)	12,211
Non-controlling interest		(52)	-	(212)	-
		(18,523)	6,548	(15,560)	12,211
(Losses)/Earnings Per Share attributable to Owners of the Company					
Basic/Diluted ⁽²⁾ (sen)	B11	(2.76)	1.02	(2.29)	1.90

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (CONTINUED)**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted (losses)/earnings per share are calculated based on the Company's share capital of 669,072,000 ordinary shares (31 December 2021: 643,822,000 ordinary shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		81,778	59,959
Investment properties		2,499	2,554
Goodwill		1,076	-
Other investments		2,038	1,990
Deferred tax assets		2,522	568
		89,913	65,071
Current Assets			
Trade receivables		180,104	113,839
Other receivables, deposits and prepayments		17,608	11,768
Contract assets		131,621	87,574
Inventories		1,005	-
Tax recoverable		2,709	-
Other investments		2,081	15,064
Fixed deposit with financial institution		31,898	20,835
Cash and cash equivalents		74,253	89,382
		441,279	338,462
TOTAL ASSETS		531,192	403,533
EQUITY AND LIABILITIES			
Equity			
Share capital		110,953	101,029
Merger reserve		(47,544)	(47,544)
Retained earnings		58,218	74,056
		121,627	127,541
Non-controlling interest		396	-
Total Equity		122,023	127,541
Non-Current Liabilities			
Bank borrowings	B8	19,112	2,549
Lease liabilities		17,044	8,739
Deferred tax liabilities		738	2,068
		36,894	13,356
Current Liabilities			
Trade payables		214,170	171,162
Other payables and accruals		7,509	5,360
Contract liabilities		5,822	13,772
Bank borrowings	B8	130,554	62,391
Lease liabilities		14,220	9,180
Tax payable		-	771
		372,275	262,636
Total Liabilities		409,169	275,992
TOTAL EQUITY AND LIABILITIES		531,192	403,533
NET ASSETS PER SHARE (RM)⁽²⁾		0.18	0.20

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾
(CONTINUED)****Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's number of ordinary shares as at 31 December 2022 of 669,072,000 shares (31 December 2021: 643,822,000 shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY⁽¹⁾

	Attributable to Owners of the Company			Total Equity RM'000
	Non-distributable		Distributable	
	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000	
Balance as at 1 January 2021 (Audited)	10,400	-	61,845	72,245
<i>Contributions by and distribution to owners of the Company</i>				
- Issuance of shares pursuant to acquisition of subsidiaries	57,944	-	-	57,944
- Adjustment on acquisition of subsidiaries	(10,400)	(47,544)	-	(57,944)
- Issuance of shares	45,068	-	-	45,068
- Listing expenses	(1,983)	-	-	(1,983)
	90,629	(47,544)	-	43,085
Total comprehensive income for the financial year	-	-	12,211	12,211
Balance as at 31 December 2021 (Audited)	101,029	(47,544)	74,056	127,541

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY⁽¹⁾ (CONTINUED)

	Attributable to Owners of the Company			Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
	Non-distributable	Distributable				
	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000			
Balance as at 1 January 2022 (Audited)	101,029	(47,544)	74,056	127,541	-	127,541
<i>Contributions by and distribution to owners of the Company</i>						
- Issuance of shares	10,009	-	-	10,009	-	10,009
- Share issuance expenses	(85)	-	-	(85)	-	(85)
- Issuance of shares in subsidiary to non-controlling interest	-	-	-	-	1,151	1,151
- Acquisition of a subsidiary	-	-	-	-	(1,033)	(1,033)
- Changes of equity interest in subsidiaries	-	-	(490)	(490)	490	-
	9,924	-	(490)	9,434	608	10,042
Total comprehensive loss for the financial year	-	-	(15,348)	(15,348)	(212)	(15,560)
Balance as at 31 December 2022 (Unaudited)	110,953	(47,544)	58,218	121,627	396	122,023

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	Unaudited Current Year-to-date 31.12.2022 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(18,674)	12,803
Adjustments for:		
Depreciation of property, plant and equipment	14,799	12,402
Depreciation of investment properties	54	59
Gain on disposal of property, plant and equipment	(1,454)	(122)
Gain on disposal of investment property	-	(33)
Loss/(Gain) on remeasurement of lease liabilities	29	(1)
Interest expenses	7,819	5,614
Interest income	(970)	(844)
Property, plant and equipment written off	-	10
Operating profit before changes in working capital	1,603	29,888
Increase in inventories	(614)	-
(Increase)/Decrease in trade and other receivables	(70,861)	14,598
Increase in trade and other payables	43,543	15,755
Increase in contract assets	(44,047)	(41,451)
Decrease in contract liabilities	(7,950)	(11,145)
Cash (used in)/generated from operations	(78,326)	7,645
Interest received	444	318
Income tax paid	(3,854)	(6,788)
Income tax refunded	-	1,303
Net cash (used in)/generated from operating activities	(81,736)	2,478
Cash Flows From Investing Activities		
Addition of other investments	(49)	-
Interest received	49	54
Acquisition of subsidiaries, net of cash acquired	(1,816)	-
Proceeds from disposal of property, plant and equipment	2,613	528
Proceeds from disposal of investment property	-	680
Proceeds from disposal of other investments	-	25
Purchase of property, plant and equipment	(37,763)	(4,621)
Net cash used in investing activities	(36,966)	(3,334)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾ (CONTINUED)

	Unaudited Current Year-to-date 31.12.2022 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM'000
Cash Flows From Financing Activities		
Interest paid	(7,819)	(5,614)
Interest received	477	472
Proceeds from issuance of ordinary shares	10,009	45,068
Payment of share issuance expenses	(85)	(1,983)
(Placement)/Uplift of pledged deposits with financial institution	(10,063)	2,292
Movement in restricted cash at bank	(5,256)	4,505
Net drawdown/(repayment) of term loans	23,635	(894)
Net drawdown/(repayment) of lease liabilities	13,345	(12,879)
Net drawdown of short-term borrowings	61,433	21,548
Net cash generated from financing activities	85,676	52,515
Net (decrease)/increase in cash and cash equivalents	(33,026)	51,659
Cash and cash equivalents at beginning of the financial year	64,143	12,484
Cash and cash equivalents at end of the financial year	31,117	64,143
Cash and cash equivalents comprise of:		
Cash and bank balances	74,253	89,382
Other investment	2,081	15,064
Fixed deposits with financial institution	31,898	20,835
	<u>108,232</u>	<u>125,281</u>
Less: Bank overdrafts	(27,404)	(27,746)
Less: Pledged deposits with financial institution	(31,898)	(20,835)
Less: Restricted cash at bank	(17,813)	(12,557)
	<u>31,117</u>	<u>64,143</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A1. Basis of Preparation**

The interim financial report of Nestcon Berhad (“**Nestcon**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS No. 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

During the financial year ended 31 December 2022, the Group had changed its classification of the non-current trade receivables and trade payables as the Group’s normal operating cycle is clearly identified and the Group is expecting the trade receivables and trade payables will be realised or settled in its normal operating cycle.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Group’s audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following new MFRSs and/or IC interpretations (including The Consequential Amendments) which became effective for the financial year beginning on or after 1 January 2022:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 1 <i>Subsidiary as a First-Time Adopter</i>	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9 <i>Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment-Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts-Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 <i>Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced

The adoption of the abovementioned accounting standards, amendments and interpretations, where applicable, do not have any material impact to the unaudited condensed consolidated financial statements of the Group upon their initial application.

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A4. Seasonal or Cyclical Factors**

The Group’s performance has not been materially affected by any seasonal or cyclical factors during the current financial quarter under review.

A5. Items or Incidence of an Unusual Nature

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

A6. Material Changes in Accounting Estimates

There were no material changes in accounting estimates during the current financial quarter under review.

A7. Debt and Equity Securities

Save as disclosed in Note B6, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. Dividends Paid

There were no dividends paid during the current financial quarter under review.

A9. Segment Information

The Group’s operating and reportable segments comprised of:

- (a) the provision of construction services for building and infrastructure; and
- (b) renewable energy activities and maintenance works.

The Group operates predominantly in Malaysia and hence, no geographical segment presented.

Unaudited Current Year Quarter 31.12.2022⁽¹⁾	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	141,362	3,226	144,588
Results			
Depreciation of property, plant and equipment			(3,911)
Depreciation of investment properties			(13)
Interest expenses			(1,963)
Interest income			323
Gain on disposal of property, plant and equipment			402
Other income			2
Unallocated expenses			(162,907)
Loss before tax			(23,479)
Tax income			4,956
Loss after tax			(18,523)

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A9. Segment Information (Continued)**

Unaudited Current Year-to-date 31.12.2022⁽¹⁾	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	454,869	6,649	461,518
Results			
Depreciation of property, plant and equipment			(14,799)
Depreciation of investment properties			(54)
Interest expenses			(7,275)
Interest income			970
Gain on disposal of property, plant and equipment			1,454
Other income			143
Unallocated expenses			(460,631)
Loss before tax			(18,674)
Tax income			3,114
Loss after tax			(15,560)

Note:

- (1) There are no comparative figures for the preceding year’s corresponding quarter and preceding year’s corresponding year-to-date as the Group’s revenue, profit or loss, assets and liabilities were mainly confined to a single operating segment, namely building and infrastructure construction works.

A10. Valuation of Property, Plant and Equipment and Investment Properties

There was no valuation of property, plant and equipment and investment properties during the current financial quarter under review.

A11. Material Subsequent Events

There were no material events subsequent to the end of the current financial year under review that have not been reflected in this interim financial report.

A12. Changes in The Composition of The Group

There were no material changes in the composition of the Group for the current financial quarter under review.

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A13. Contingent Liabilities**

Save as disclosed below, there were no other contingent liabilities as at the date of this interim financial report.

	Unaudited As at 31.12.2022 RM’000	Audited As at 31.12.2021 RM’000
Performance guarantee for construction contracts customer	46,628	16,553
Bank guarantee given by licensed banks as security for performance bond	<u>29,511</u>	<u>35,745</u>

A14. Capital Commitments

Save as disclosed below, there were no other material capital commitments incurred or known to be incurred as at the date of this interim financial report.

	Unaudited As at 31.12.2022 RM’000	Audited As at 31.12.2021 RM’000
Property, plant and equipment Authorised and contracted for	<u>4,106</u>	<u>17,579</u>

A15. Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2022 RM’000	Unaudited Preceding Year Corresponding Quarter 31.12.2021 RM’000	Unaudited Current Year-to-date 31.12.2022 RM’000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM’000
Lease payment charged by a Director	19	19	78	78
Purchase of materials from a related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>722</u>

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

(a) Comparison with Preceding Year’s Corresponding Quarter Results

For the current financial quarter ended 31 December 2022 (“**4Q2022**”), the Group recorded higher revenue of RM144.59 million as compared to RM107.28 million in the preceding year’s corresponding quarter ended 31 December 2021 (“**4Q2021**”). The 4Q2022 revenue was primarily contributed from our building division of RM85.52 million, civil engineering and infrastructure division of RM55.84 million and renewable energy division of RM3.23 million, respectively.

The Group registered a loss before tax (“**LBT**”) of RM23.48 million in 4Q2022 as compared to a profit before tax (“**PBT**”) of RM5.24 million in 4Q2021. The decreased in PBT was mainly due to the revised of budgeted costs for some of the existing contracts resulting from the rising of raw material costs as well as the new minimum wage implementation.

(b) Comparison with Preceding Year’s Corresponding Year-to-date Results

For the current financial year-to-date ended 31 December 2022 (“**YTD 4Q2022**”), the Group recorded higher revenue of RM461.52 million, an increase of RM103.26 million or 28.82% from the preceding year’s corresponding year-to-date ended 31 December 2021 (“**YTD 4Q2021**”) of RM358.26 million. The increase in revenue was mainly due to higher level of construction activities and commencement of new contracts for both building division and civil engineering and infrastructure division in YTD 4Q2022.

The Group registered a LBT of RM18.67 million in YTD 4Q2022 as compared to a PBT of RM12.80 million in YTD 4Q2021. The performance of the Group was affected by higher operating costs due to rising of raw material costs and new minimum wage implementation together with the increase in fixed overhead costs.

B2. Comparison with Immediate Preceding Quarter’s Results

	INDIVIDUAL QUARTER		VARIANCE	
	Unaudited Current Quarter 31.12.2022	Unaudited Preceding Quarter 30.09.2022		
	RM’000	RM’000	RM’000	%
Revenue	144,588	117,558	27,030	22.99
Loss before tax	(23,479)	(1,867)	(21,612)	(1,157.58)

The Group recorded revenue of RM144.59 million in 4Q2022 as compared to RM117.56 million in the immediate preceding quarter ended 30 September 2022 (“**3Q2022**”), an increase of RM27.03 million or 22.99% in 4Q2022. The increase in revenue was mainly due to higher level of construction activities and commencement of new contracts for civil engineering and infrastructure division during the current financial quarter under review.

The Group registered a LBT of RM23.48 million in 4Q2022, an increase of RM21.61 million from LBT of RM1.87 million in 3Q2022. The increase in LBT was mainly due to higher operating costs resulting from the rising of raw material costs as well as the new minimum wage implementation.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B3. Prospects and Outlook for the Current Financial Year

The outlook of the construction sector in 2023 is expected to remain challenging, with heightened uncertainty due to high inflation, rising interest rates, geopolitical tensions, shortage of skilled workers as well as supply chain disruptions.

Nevertheless, the Group will remain vigilant to ride through these waves of unpredictable developments by undertaking prudent approaches and proactive steps to manage the risks and mitigate the adverse impacts of rising construction costs due to the escalating cost of building materials and shortages of foreign and local labour, thus, ensuring stability of its finance position and business operations.

Moving forward, the Group will actively seek and seize for opportunities to enhance its business portfolio including the expansion of its renewable energy segment. Correspondingly, the Group continues to participate in more tenders to further enhance and replenish its order book. At as the date of this interim financial report, the unbilled order book of the Group is approximately RM2.11 billion after taking into three (3) new contracts secured in the beginning of 2023 with a total value of approximately RM381.26 million. This boosted our order book and enhanced our earning visibility, which would contribute positively until the financial years ending 31 December 2026.

The Group will strive to achieve a positive performance in 2023.

B4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5. Tax (Income)/Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2021 RM'000	Unaudited Current Year-to-date 31.12.2022 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM'000
In respect of current period:				
Tax (income)/expense ⁽¹⁾	(1,351)	(1,041)	170	1,357
Deferred tax	(3,605)	(271)	(3,284)	(765)
Tax (income)/expense	<u>(4,956)</u>	<u>(1,312)</u>	<u>(3,114)</u>	<u>592</u>
Effective tax rate (%)	N/A ⁽²⁾	25.06	N/A ⁽²⁾	(4.62)
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Notes:

(1) Income tax is recognised based on management's estimate.

(2) The effective tax rate of the Group for the current financial quarter and current financial year-to-date are not applicable due to the Group recorded a loss before tax.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B6. Status of Corporate Proposals**

Saved as disclosed below, there were no corporate proposals announced but not completed as at the date of this interim financial report.

On 13 July 2022, the Company had proposed to undertake a private placement of up to 64,382,000 new ordinary shares of Nestcon, representing up to 10% of the total number of issued shares in Nestcon, to independent third-party investors to be identified and at an issue price to be determined later ("**Placement Shares**"). The Company had obtained approval from Bursa Securities via its letter dated 3 August 2022. An extension of time was sought from Bursa Securities for an additional six months up to 2 August 2023 to complete the implementation of the private placement, Bursa Securities had on 7 February 2023 approved the said extension of time.

On 16 December 2022, the Board of the Company fixed the issue price for the second tranche of Placement Shares at RM0.435 per Placement Share ("**Issue Price**"). The Issue Price represents a discount of approximately RM0.046 or 9.6% from the 5-days volume weighted average market price of Nestcon Shares from 9 December 2022 to 15 December 2022, being the market day immediately preceding to the price-fixing date of approximately RM0.481 per Nestcon Share.

On 30 December 2022, 12,250,000 Placement Shares were listed and quoted on the ACE Market of Bursa Securities.

B7. Utilisation of Proceeds**(a) Initial Public Offering ("IPO")**

As at 31 December 2022, the status of the utilisation of proceeds arising from IPO amounting to approximately RM45.07 million is stated in the following manner:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Estimated Timeframe for the Utilisation Upon Listing
Establish IBS facility for our building division	6,000	-	6,000	Within 24 months
Acquire machineries and equipment for our business expansion in the civil engineering and infrastructure division	6,615	(6,615)	-	Within 24 months
Upgrade software and systems	1,000	(1,000)	-	Within 12 months
Repayment of bank borrowings	16,500	(16,500)	-	Within 3 months
Working capital	10,953	(10,953)	-	Within 12 months
Estimated listing expenses	4,000	(4,000)	-	Within 1 month
Total	45,068	(39,068)	6,000	

From the date of listing of the Company on the ACE Market of Bursa Securities on 29 June 2021, the utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 8 June 2021.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B7. Utilisation of Proceeds (Continued)****(b) Private Placement**

As at 31 December 2022, the status of the utilisation of proceeds arising from the first and second tranches of private placement are as follows:

Details of Utilisation	Proceeds Raised RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Intended Timeframe for the Utilisation
Building, civil engineering, and infrastructure segments:				
• Rental of machineries and equipment	-	-	-	Within 12 months
• Purchase of reinforcement steel	4,639	(4,639)	-	
• Payment to subcontractors	5,285	-	5,285	
Purchase of solar panels for renewable energy segment	-	-	-	Within 12 months
Estimated expenses for the Proposed Private Placement	85	(85)	-	Within 1 month
Total	10,009	(4,724)	5,285	

The utilisation of proceeds disclosed above should be read in conjunction with the announcement of the Proposed Private Placement dated 13 July 2022.

B8. Bank Borrowings

	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
Current		
Term loans	7,684	612
Bank overdraft	27,404	27,746
Factoring payable	14,014	18,833
Invoice financing	54,255	7,977
Revolving credit	27,197	7,223
	<u>130,554</u>	<u>62,391</u>
Non-current		
Term loans	<u>19,112</u>	<u>2,549</u>

The bank borrowings are secured and denominated in Ringgit Malaysia.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B9. Material Litigation**

There were no material litigations involving the Group as at 31 December 2022.

B10. Dividend

No dividend has been declared or recommended by the Board of Directors for the current financial quarter under review.

B11. Earnings Per Share

The basic and diluted earnings per share for the current financial quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2021 RM'000	Unaudited Current Year-to-date 31.12.2022 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM'000
(Loss)/Profit attributable to the Owners of the Company	(18,471)	6,548	(15,348)	12,211
Number of ordinary shares (in thousand)	669,072	643,822	669,072	643,822
Basic ⁽¹⁾ /Diluted ⁽²⁾ EPS (sen)	<u>(2.76)</u>	<u>1.02</u>	<u>(2.29)</u>	<u>1.90</u>

Notes:

- (1) Basic EPS is calculated based on the Company's share capital of 669,072,000 ordinary shares (31 December 2021: 643,822,000 ordinary shares).
- (2) Diluted EPS of the Company for the current financial quarter and financial year-to-date ended 31 December 2022 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period/year.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B12. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income**

(Loss)/Profit before tax is arrived after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2021 RM'000	Unaudited Current Year-to-date 31.12.2022 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2021 RM'000
Depreciation of property, plant and equipment	3,911	3,196	14,799	12,402
Depreciation of investment properties	13	13	54	59
Property, plant and equipment written off	-	-	-	10
Rental of machineries	7,286	2,309	22,672	15,568
Rental of premises	33	69	191	216
Interest expenses	2,507	1,543	7,819	5,614
Loss/(Gain) on remeasurement of lease liabilities	10	-	29	(1)
Gain on disposal of property, plant and equipment	(402)	-	(1,454)	(122)
Gain on disposal of investment property	-	-	-	(33)
Interest income	(323)	(220)	(970)	(844)

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 27 February 2023.

**BY ORDER OF THE BOARD
NESTCON BERHAD
27 FEBRUARY 2023**