



NESTCON BERHAD

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

**Unaudited Interim Financial Report
For the Third Quarter Ended
30 September 2023**

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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 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Revenue		224,885	117,558	555,556	316,930
Cost of sales		(216,389)	(115,123)	(532,176)	(298,819)
Gross profit		8,496	2,435	23,380	18,111
Other income		772	831	2,243	1,840
Administrative expenses		(3,999)	(2,972)	(12,215)	(9,736)
Other operating expenses		(9)	(71)	(26)	(98)
Profit from operations		5,260	223	13,382	10,117
Finance costs		(3,204)	(2,090)	(9,200)	(5,312)
Profit/(Loss) before tax	B12	2,056	(1,867)	4,182	4,805
Tax (expense)/income	B5	(129)	376	(748)	(1,842)
Profit/(Loss) after tax/Total comprehensive income/(loss) for the financial period		1,927	(1,491)	3,434	2,963
Profit/(Loss) after tax/ Total comprehensive income/(loss) for the financial period attributable to:					
Owners of the Company		2,062	(1,412)	3,894	3,123
Non-controlling interest		(135)	(79)	(460)	(160)
		1,927	(1,491)	3,434	2,963
Earnings/(Loss) Per Share attributable to Owners of the Company					
Basic/Diluted ⁽²⁾ (sen)	B11	0.30	(0.21)	0.57	0.48

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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 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted earnings per share are calculated based on the Company's share capital of 682,072,000 ordinary shares (30 September 2022: 656,822,000 ordinary shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		87,676	81,778
Investment properties		1,758	2,499
Goodwill		1,075	1,075
Other investments		2,075	2,039
Deferred tax assets		3,154	2,522
		95,738	89,913
Current Assets			
Trade receivables		197,153	173,813
Other receivables, deposits and prepayments		20,027	20,200
Contract assets		224,909	126,459
Inventories		900	1,004
Tax recoverable		2,802	2,709
Other investments		2,136	2,081
Fixed deposits with financial institution		44,283	31,898
Cash and bank balances		80,081	74,253
		572,291	432,417
TOTAL ASSETS		668,029	522,330
EQUITY AND LIABILITIES			
Equity			
Share capital		115,592	110,953
Merger reserve		(47,544)	(47,544)
Retained earnings		62,112	58,218
		130,160	121,627
Non-controlling interests		2,361	396
Total Equity		132,521	122,023
Non-Current Liabilities			
Bank borrowings	B8	19,893	21,099
Lease liabilities		23,483	17,054
Deferred tax liabilities		-	738
		43,376	38,891
Current Liabilities			
Trade payables		286,358	204,891
Other payables and accruals		6,223	7,509
Contract liabilities		6,347	6,239
Bank borrowings	B8	182,651	128,566
Lease liabilities		10,553	14,211
		492,132	361,416
Total Liabilities		535,508	400,307
TOTAL EQUITY AND LIABILITIES		668,029	522,330
NET ASSETS PER SHARE (RM)⁽²⁾		0.19	0.18

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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 financial year ended 31 December 2022 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 30 September 2023 of 682,072,000 shares (31 December 2022: 669,072,000 shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY⁽¹⁾

	Attributable to Owners of the Company			Total	Non-controlling interest	Total Equity
	Non-distributable	Distributable				
	Share capital	Merger reserves	Retained earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022 (Audited)	101,029	(47,544)	74,056	127,541	-	127,541
Contributions by and distribution to owners of the Company						
- Issuance of shares	4,680	-	-	4,680	-	4,680
- Share issuance expenses	(41)	-	-	(41)	-	(41)
- Acquisition of a subsidiary	-	-	-	-	(1,033)	(1,033)
- Effect on changes in stakes	-	-	(490)	(490)	1,617	1,127
	4,639	-	(490)	4,149	584	4,733
Total comprehensive income/(loss) for the financial period	-	-	3,123	3,123	(160)	2,963
Balance as at 30 September 2022 (Unaudited)	105,668	(47,544)	76,689	134,813	424	135,237

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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 2023 (Audited)	110,953	(47,544)	58,218	121,627	396	122,023
<i>Contributions by and distribution to owners of the Company</i>						
- Issuance of shares in subsidiary to non-controlling interest	-	-	-	-	2,425	2,425
- Issuance of shares	4,680	-	-	4,680	-	4,680
- Share issuance expenses	(41)	-	-	(41)	-	(41)
	4,639	-	-	4,639	2,425	7,064
Total comprehensive income/(loss) for the financial period	-	-	3,894	3,894	(460)	3,434
Balance as at 30 September 2023 (Unaudited)	115,592	(47,544)	62,112	130,160	2,361	132,521

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 financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Cash Flows From Operating Activities		
Profit before tax	4,182	4,805
Adjustments for:		
Depreciation of property, plant and equipment	12,331	10,888
Depreciation of investment properties	36	41
Gain on disposal of property, plant and equipment	(170)	(1,052)
Loss on remeasurement of lease liabilities	82	19
Interest expenses	9,200	5,312
Interest income	(1,052)	(647)
Operating profit before changes in working capital	24,609	19,366
Decrease/(Increase) in inventories	104	(1,517)
Increase in trade and other receivables	(23,167)	(14,270)
Increase in trade and other payables	80,181	2,926
Increase in contract assets	(98,450)	(34,925)
Increase/(Decrease) in contract liabilities	108	(8,776)
Cash used in operations	(16,615)	(37,196)
Interest received	401	272
Income tax paid	(2,211)	(3,021)
Net cash used in operating activities	(18,425)	(39,945)
Cash Flows From Investing Activities		
Addition of other investments	(36)	(36)
Interest received	37	37
Acquisition of a subsidiary, net of cash acquired	-	(1,840)
Proceeds from disposal of property, plant and equipment	625	2,058
Proceeds from disposal of investment property	705	-
Purchase of property, plant and equipment	(18,765)	(31,384)
Net cash used in investing activities	(17,434)	(31,165)
Cash Flows From Financing Activities		
Interest paid	(9,200)	(5,312)
Interest received	614	338
Proceeds from issuance of shares, net of share issuance expenses	4,639	4,639
Proceeds from issuance of shares in subsidiary to non-controlling interest	2,425	-
Placement of pledged deposits with financial institution	(12,385)	(5,430)
Movement in restricted cash at bank	(4,263)	(3,891)
Net drawdown of term loans	3,433	22,206
Net drawdown of lease liabilities	2,771	13,648
Net drawdown of short-term borrowings	17,112	23,888
Net cash generated from financing activities	5,146	50,086

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

	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Net decrease in cash and cash equivalents	(30,713)	(21,024)
Cash and cash equivalents at beginning of the financial period	27,042	64,143
Cash and cash equivalents at end of the financial period	<u>(3,671)</u>	<u>43,119</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	80,081	87,629
Other investment	2,136	2,063
Fixed deposits with financial institution	44,283	27,265
	<u>126,500</u>	<u>116,957</u>
Less: Bank overdrafts	(59,738)	(30,125)
Less: Pledged deposits with financial institution	(44,283)	(27,265)
Less: Restricted cash at bank	(26,150)	(16,448)
	<u>(3,671)</u>	<u>43,119</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 financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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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**”).

The interim financial report should be read in conjunction with the Group’s audited financial statements for financial year ended 31 December 2022 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 2022, 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 2023:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
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 financial year ended 31 December 2022.

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.

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**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 30.09.2023	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	221,051	3,834	224,885
Results			
Depreciation of property, plant and equipment			(4,131)
Depreciation of investment properties			(9)
Interest expenses			(3,204)
Interest income			378
Gain on disposal of property, plant and equipment			110
Other income			284
Unallocated expenses			(216,257)
Profit before tax			2,056
Tax expense			(129)
Profit after tax			1,927

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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 30.09.2023	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	547,254	8,302	555,556
Results			
Depreciation of property, plant and equipment			(12,331)
Depreciation of investment properties			(36)
Interest expenses			(9,200)
Interest income			1,052
Gain on disposal of property, plant and equipment			170
Other income			1,021
Unallocated expenses			(532,050)
Profit before tax			4,182
Tax expense			(748)
Profit after tax			3,434
Unaudited Preceding Year Corresponding Quarter 30.09.2022	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	114,180	3,378	117,558
Results			
Depreciation of property, plant and equipment			(3,775)
Depreciation of investment properties			(14)
Interest expenses			(2,090)
Interest income			228
Gain on disposal of property, plant and equipment			528
Other income			75
Unallocated expenses			(114,377)
Loss before tax			(1,867)
Tax income			376
Loss after tax			(1,491)

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

Unaudited Preceding Year Corresponding Year-to- date 30.09.2022	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	313,507	3,423	316,930
Results			
Depreciation of property, plant and equipment			(10,888)
Depreciation of investment properties			(41)
Interest expenses			(5,312)
Interest income			647
Gain on disposal of property, plant and equipment			1,052
Other income			141
Unallocated expenses			(297,724)
Profit before tax			4,805
Tax expense			(1,842)
Profit after tax			2,963

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 quarter under review that have not been reflected in this interim financial report.

A12. Changes in The Composition of The Group

Save as disclosed below, there were no material changes in the composition of the Group for the current financial quarter under review.

On 13 October 2023, the Company’s wholly-owned subsidiary, Nestcon Infra Sdn Bhd coupled with Pristine Multi-Vision (M) Sdn Bhd incorporated a subsidiary, Nestcon Floatovoltaics Sdn Bhd (“**Nestcon Floatovoltaics**”) with a paid-up capital of RM100, representing 80% and 20% equity interest, respectively. Nestcon Floatovoltaics is principally engaged in the provision of engineering, procurement, construction and commissioning services for solar photovoltaic (“**PV**”) systems and investment in solar PV plant.

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 30.09.2023 RM’000	Audited As at 31.12.2022 RM’000
Performance guarantee for construction contracts customer	64,328	46,628
Bank guarantee given by licensed banks as security for performance bond	<u>31,501</u>	<u>30,893</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 30.09.2023 RM’000	Audited As at 31.12.2022 RM’000
Property, plant and equipment Authorised and contracted for	<u>5,875</u>	<u>4,106</u>

A15. Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.09.2023 RM’000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM’000	Unaudited Current Year-to-date 30.09.2023 RM’000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM’000
Lease payment charged by a Director	<u>29</u>	<u>20</u>	<u>87</u>	<u>59</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 30 September 2023 ("**3Q2023**"), the Group recorded higher revenue of RM224.89 million as compared to RM117.56 million in the preceding year's corresponding quarter ended 30 September 2022 ("**3Q2022**"). The 3Q2023 revenue was primarily contributed from our building division of RM167.54 million, civil engineering and infrastructure division of RM52.31 million and renewable energy division of RM5.04 million, respectively.

The Group registered a profit before tax ("**PBT**") of RM2.06 million in 3Q2023 as compared to a loss before tax ("**LBT**") of RM1.87 million in 3Q2022. The PBT recorded in 3Q2023 was mainly attributable to higher revenue generated as a result of higher level of construction activities during the current financial period under review. However, the increased in PBT was partially offset by the increased in administrative expenses and finance costs by RM1.03 million and RM1.11 million, respectively. The increased was mainly due to payroll contribution from our newly incorporated subsidiary in the last quarter of 2022, Nestcon KSJ Ventures Sdn Bhd and the utilisation of new banking facilities for new contracts secured and commenced in 2022.

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

For the current financial year-to-date ended 30 September 2023 ("**YTD 3Q2023**"), the Group recorded higher revenue of RM555.56 million, an increase of RM238.63 million or 75.29% from the preceding year's corresponding year-to-date ended 30 September 2022 ("**YTD 3Q2022**") of RM316.93 million. The increased in revenue was mainly due to higher level of construction activities and the commencement of new contracts for both building division and civil engineering and infrastructure division in YTD 3Q2023.

The Group posted a slightly lower PBT of RM4.18 million in YTD 3Q2023, a decrease of RM0.63 million from RM4.81 million in YTD 3Q2022. The performance of the Group was affected by the increased in administrative expenses and finance costs by RM2.48 million and RM3.89 million, respectively resulting from the payroll contribution from our newly incorporated subsidiary in the last quarter of 2022, Nestcon KSJ Ventures Sdn Bhd and the utilisation of new banking facilities for new contracts secured and commenced in 2022.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B2. Comparison with Immediate Preceding Quarter's Results**

	INDIVIDUAL QUARTER		VARIANCE	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Quarter 30.06.2023 RM'000	RM'000	%
Revenue	224,885	183,989	40,896	22.23
Profit before tax	2,056	1,172	884	75.43

The Group recorded revenue of RM224.89 million in 3Q2023 as compared to RM183.99 million in the immediate preceding quarter ended 30 June 2023 ("2Q2023"), an increase of RM40.90 million or 22.23% in 3Q2023. The increased in revenue was mainly contributed from higher level of construction activities for both building division and civil engineering and infrastructure division during the current financial quarter under review.

The Group registered a PBT of RM2.06 million in 3Q2023, an increase of RM0.88 million or 75.43% from RM1.17 million in 2Q2023. The increased in PBT was mainly attributable to higher revenue generated.

B3. Prospects and Outlook for the Current Financial Year

The global and domestic economy remain weighed down by the ongoing geopolitical instability across different regions, inflationary pressures and the recessionary environment. Consequently, the construction industry is expected to face the lingering effects of economic uncertainty for yet another year.

With the enforcement of reducing weekly working hours from 48 hours to 45 hours in the beginning of 2023 coupled with the continuous rising of building materials prices, the higher input costs for the construction sector remains a concern which certainly affect the performance of the Group.

Given this challenging operating environment, the Group will continue focusing on the quality of our services to our clients and improving efficiencies in our operation so as to maintain our competitiveness and sustainability commitment. The Group remains prudent on the overall business conditions on the back of an encouraging order book of approximately RM1.82 billion as at the date of this interim report.

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.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B5. Tax Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
In respect of current period:				
Tax expense/(income) ⁽¹⁾	253	(849)	2,118	1,521
Deferred tax	(124)	473	(1,370)	321
Tax expense/(income)	<u>129</u>	<u>(376)</u>	<u>748</u>	<u>1,842</u>
Effective tax rate ⁽²⁾ (%)	6.27	N/A	17.89	38.34
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 was lower than the statutory tax rate of 24.0% mainly due to provision for deferred tax assets during the current financial quarter under review.

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. A second extension of time of six months up to 2 February 2024 was sought from Bursa Securities to complete the implementation of the private placement, and Bursa Securities had on 8 August 2023 approved the said extension of time.

As at the date of this report, the Company had completed three tranches of private placement involving a total issuance of 38,250,000 new Nestcon Shares which were listed and quoted on the ACE Market of Bursa Securities, with a total proceeds of RM14.69 million.

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

As at 30 September 2023, 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	Balance Unutilised RM'000	Revision of Balance Unutilised RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Initial Timeframe for the Utilisation Upon Listing	Revised Timeline for the Utilisation
Establish IBS facility for our building division	6,000	-	6,000	(6,000) ⁽¹⁾	-	-	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)	-	6,000 ⁽¹⁾	(6,000)	-	Within 3 months	Within 6 months from 29 May 2023 ⁽²⁾
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	-	(6,000)	-		

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)****(a) Initial Public Offering (“IPO”) (Continued)****Notes:**

- (1) The balance of unutilised proceeds of RM6.00 million for Establish IBS facility for our building division will be reallocate for Repayment of bank borrowings.
- (2) Being 29 months from the expiry date of the initial timeframe from the utilisation of IPO Proceeds.

The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 8 June 2021 and announcement of the Variation and Extension of Time dated 29 May 2023.

(b) Private Placement

As at 30 September 2023, the status of the utilisation of proceeds arising from the three 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	4,639	(4,639)	-	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	126	(126)	-	Within 1 month
Total	14,689	(14,689)	-	

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

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)
B8. Bank Borrowings

	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
Current		
Term loans	10,335	5,696
Bank overdraft	59,738	27,404
Factoring payable	29,136	22,284
Invoice financing	60,533	54,255
Revolving credit	22,909	18,927
	<u>182,651</u>	<u>128,566</u>
Non-current		
Term loans	<u>19,893</u>	<u>21,099</u>

The bank borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

There were no material litigations involving the Group as at 30 September 2023.

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 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Profit/(Loss) attributable to the Owners of the Company	2,062	(1,412)	3,894	3,123
Number of ordinary shares (in thousand)	682,072	656,822	682,072	656,822
Basic ⁽¹⁾ /Diluted ⁽²⁾ EPS (sen)	<u>0.30</u>	<u>(0.21)</u>	<u>0.57</u>	<u>0.48</u>

Notes:

- (1) Basic EPS is calculated based on the Company's share capital of 682,072,000 ordinary shares (30 September 2022: 656,822,000 ordinary shares).
- (2) Diluted EPS of the Company for the current financial quarter and financial year-to-date ended 30 September 2023 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.

NESTCON BERHAD

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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**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Depreciation of property, plant and equipment	4,131	3,775	12,331	10,888
Depreciation of investment properties	9	14	36	41
Rental of machineries	13,742	6,559	38,370	15,386
Rental of premises	21	39	81	158
Interest expenses	3,204	2,090	9,200	5,312
Loss on remeasurement of lease liabilities	13	6	82	19
Gain on disposal of property, plant and equipment	(110)	(528)	(170)	(1,052)
Interest income	(378)	(228)	(1,052)	(647)

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 28 November 2023.

**BY ORDER OF THE BOARD
NESTCON BERHAD
28 NOVEMBER 2023**