



NESTCON BERHAD

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

**Unaudited Interim Financial Report
For the Fourth Quarter Ended
31 December 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 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
Revenue		219,590	144,588	775,146	461,518
Cost of sales		(214,656)	(163,106)	(746,832)	(461,925)
Gross profit/(loss)		4,934	(18,518)	28,314	(407)
Other income		1,987	727	4,230	2,567
Administrative expenses		(2,021)	(3,167)	(14,236)	(12,903)
Other operating expenses		(171)	(14)	(197)	(112)
Profit/(Loss) from operations		4,729	(20,972)	18,111	(10,855)
Finance costs		(3,543)	(2,507)	(12,743)	(7,819)
Profit/(Loss) before tax	B12	1,186	(23,479)	5,368	(18,674)
Tax (expense)/income	B5	(718)	4,956	(1,466)	3,114
Profit/(Loss) after tax/Total comprehensive income/(loss) for the financial period/year		468	(18,523)	3,902	(15,560)
Profit/(Loss) after tax/ Total comprehensive income/(loss) for the financial period/year attributable to:					
Owners of the Company		(401)	(18,471)	3,493	(15,348)
Non-controlling interest		869	(52)	409	(212)
		468	(18,523)	3,902	(15,560)
Earnings/(Losses) Per Share attributable to Owners of the Company					
Basic/Diluted ⁽²⁾ (sen)	B11	(0.06)	(2.76)	0.51	(2.29)

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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/(losses) per share are calculated based on the Company's share capital of 682,072,000 ordinary shares (31 December 2022: 669,072,000 ordinary shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		88,922	81,778
Investment properties		1,748	2,499
Goodwill		1,075	1,075
Other investments		2,088	2,039
Deferred tax assets		1,383	2,522
		95,216	89,913
Current Assets			
Trade receivables		240,598	173,813
Other receivables, deposits and prepayments		23,227	20,200
Contract assets		214,521	126,459
Inventories		1,274	1,004
Tax recoverable		5,029	2,709
Other investments		2,154	2,081
Fixed deposits with financial institution		46,543	31,898
Cash and bank balances		70,391	74,253
		603,737	432,417
TOTAL ASSETS		698,953	522,330
EQUITY AND LIABILITIES			
Equity			
Share capital		115,592	110,953
Merger reserve		(47,544)	(47,544)
Retained earnings		61,711	58,218
		129,759	121,627
Non-controlling interests		3,230	396
Total Equity		132,989	122,023
Non-Current Liabilities			
Bank borrowings	B8	18,376	21,099
Lease liabilities		23,814	17,054
Deferred tax liabilities		647	738
		42,837	38,891
Current Liabilities			
Trade payables		311,864	204,891
Other payables and accruals		8,390	7,509
Contract liabilities		8,287	6,239
Bank borrowings	B8	182,978	128,566
Lease liabilities		11,416	14,211
Tax payable		192	-
		523,127	361,416
Total Liabilities		565,964	400,307
TOTAL EQUITY AND LIABILITIES		698,953	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 31 December 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	10,009	-	-	10,009	-	10,009
- Share issuance expenses	(85)	-	-	(85)	-	(85)
- Acquisition of subsidiaries	-	-	-	-	(1,009)	(1,009)
- Effect on changes in stakes	-	-	(490)	(490)	1,617	1,127
	9,924	-	(490)	9,434	608	10,042
Net loss/total comprehensive loss for the financial year	-	-	(15,348)	(15,348)	(212)	(15,560)
Balance as at 31 December 2022 (Audited)	110,953	(47,544)	58,218	121,627	396	122,023

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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
Net profit/total comprehensive income for the financial year	-	-	3,493	3,493	409	3,902
Balance as at 31 December 2023 (Unaudited)	115,592	(47,544)	61,711	129,759	3,230	132,989

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 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	5,368	(18,674)
Adjustments for:		
Depreciation of property, plant and equipment	16,397	14,799
Depreciation of investment properties	46	54
Gain on disposal of property, plant and equipment	(1,365)	(1,454)
Loss on disposal of investment property	50	-
Loss/(Gain) on remeasurement of lease liabilities	308	(1)
Interest expenses	12,743	7,819
Interest income	(1,516)	(970)
Property, plant and equipment written off	114	-
Operating profit before changes in working capital	32,145	1,573
Increase in inventories	(270)	(614)
Increase in trade and other receivables	(69,812)	(67,162)
Increase in trade and other payables	107,854	36,815
Increase in contract assets	(88,062)	(38,885)
Increase/(Decrease) in contract liabilities	2,048	(7,533)
Cash used in operations	(16,097)	(75,806)
Interest received	617	444
Income tax paid	(2,546)	(3,854)
Net cash used in operating activities	(18,026)	(79,216)
Cash Flows From Investing Activities		
Addition of other investments	(49)	-
Interest received	49	1
Acquisition of a subsidiary, net of cash acquired	-	(1,840)
Proceeds from disposal of property, plant and equipment	2,234	2,613
Proceeds from disposal of investment property	655	-
Purchase of property, plant and equipment	(24,832)	(3,696)
Subscription of shares by non-controlling interest	2,425	24
Net cash used in investing activities	(19,518)	(2,898)

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

	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
Cash Flows From Financing Activities		
Interest paid	(12,743)	(7,819)
Interest received	850	477
Proceeds from issuance of shares, net of share issuance expenses	4,639	9,924
Placement of pledged deposits with financial institution	(14,645)	(10,062)
Movement in restricted cash at bank	(5,240)	(9,330)
Net drawdown of term loans	4,260	12,533
Net drawdown/(repayment) of lease liabilities	3,965	(12,143)
Net drawdown of short-term borrowings	28,920	61,433
Net cash generated from financing activities	10,006	45,013
Net decrease in cash and cash equivalents	(27,538)	(37,101)
Cash and cash equivalents at beginning of the financial year	27,042	64,143
Cash and cash equivalents at end of the financial year	(496)	27,042
Cash and cash equivalents comprise of:		
Cash and bank balances	70,391	74,253
Other investments	2,154	2,081
Fixed deposits with financial institution	46,543	31,898
	119,088	108,232
Less: Bank overdrafts	(45,913)	(27,404)
Less: Pledged deposits with financial institution	(46,543)	(31,898)
Less: Restricted cash at bank	(27,128)	(21,888)
	(496)	27,042

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.

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 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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 31.12.2023	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	211,951	7,639	219,590
Results			
Depreciation of property, plant and equipment			(4,066)
Depreciation of investment properties			(10)
Interest expenses			(3,543)
Interest income			464
Gain on disposal of property, plant and equipment			1,195
Loss on disposal of investment property			(50)
Other income			328
Unallocated expenses			(212,722)
Profit before tax			1,186
Tax expense			(718)
Profit after tax			468

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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 31.12.2023	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	759,205	15,941	775,146
Results			
Depreciation of property, plant and equipment			(16,397)
Depreciation of investment properties			(46)
Interest expenses			(12,743)
Interest income			1,516
Gain on disposal of property, plant and equipment			1,365
Loss on disposal of investment property			(50)
Other income			1,349
Unallocated expenses			(744,772)
Profit before tax			5,368
Tax expense			(1,466)
Profit after tax			3,902
Unaudited Preceding Year Corresponding Quarter 31.12.2022	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			(2,507)
Interest income			323
Gain on disposal of property, plant and equipment			402
Other income			2
Unallocated expenses			(162,363)
Loss before tax			(23,479)
Tax income			4,956
Loss after tax			(18,523)

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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 Preceding Year Corresponding Year-to- date 31.12.2022	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			(7,819)
Interest income			970
Gain on disposal of property, plant and equipment			1,454
Other income			143
Unallocated expenses			(460,087)
Loss before tax			(18,674)
Tax income			3,114
Loss after tax			(15,560)

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 subsequent to the current financial quarter under review.

On 6 February 2024, the Company’s subsidiary, Nestcon Sustainable Solutions Sdn Bhd (“**Nestcon SS**”) acquired the 30% equity interest of N3 Solar Sdn Bhd (“**N3 Solar**”) from Energy Crest Sdn Bhd at a consideration of RM3. Accordingly, N3 Solar become the wholly-owned subsidiary of Nestcon SS.

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 31.12.2023 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>31,101</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 31.12.2023 RM’000	Audited As at 31.12.2022 RM’000
Property, plant and equipment Authorised and contracted for	<u>4,676</u>	<u>4,106</u>

A15. Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2023 RM’000	Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM’000	Unaudited Year-to-date 31.12.2023 RM’000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM’000
Lease payment charged by a Director	<u>29</u>	<u>19</u>	<u>116</u>	<u>78</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 2023 ("**4Q2023**"), the Group recorded higher revenue of RM219.59 million as compared to RM144.59 million in the preceding year's corresponding quarter ended 31 December 2022 ("**4Q2022**"). The 4Q2023 revenue was primarily contributed from our building division of RM167.46 million, civil engineering and infrastructure division of RM44.49 million and renewable energy division of RM7.64 million, respectively.

The Group registered a profit before tax ("**PBT**") of RM1.19 million in 4Q2023 as compared to a loss before tax ("**LBT**") of RM23.48 million in 4Q2022. The PBT recorded in 4Q2023 was mainly attributable to higher revenue generated as a result of higher level of construction activities during the current financial period under review.

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

For the current financial year-to-date ended 31 December 2023 ("**YTD 4Q2023**"), the Group recorded higher revenue of RM775.15 million, an increase of RM313.63 million or 67.96% from the preceding year's corresponding year-to-date ended 31 December 2022 ("**YTD 4Q2022**") of RM461.52 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 4Q2023.

The Group posted a PBT of RM5.37 million in YTD 4Q2023, as compared to LBT of RM18.67 million in YTD 4Q2022. The PBT recorded was mainly attributable to higher revenue generated as a result of higher level of construction activities and the commencement of new contracts for both building division and civil engineering and infrastructure division in YTD 4Q2023.

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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 31.12.2023 RM'000	Unaudited Preceding Quarter 30.09.2023 RM'000	RM'000	%
Revenue	219,590	224,885	(5,295)	(2.35)
Profit before tax	1,186	2,056	(870)	(42.32)

The Group recorded a slight decrease in revenue by RM5.30 million or 2.35% from RM224.89 million in the immediate preceding quarter ended 30 September 2023 ("**3Q2023**") to RM219.59 million in 4Q2023, is consistent with the level of construction activities carried out by the Group.

The Group registered a PBT of RM1.19 million in 4Q2023, a decrease of RM0.87 million or 42.32% from RM2.06 million in 3Q2023.

B3. Prospects and Outlook

The continuation of unpredictable geopolitical scenarios, inflationary pressures, rising interest rates and recessionary environment on top of delayed new property launches have caused major turmoil in the construction industry as a whole. The Group continues to closely monitor operational cost efficiencies and maintains a prudent stance in navigating these challenges as we move forward.

Given this challenging economic environment domestically and globally, the Group is cautiously optimistic of achieving an improve financial performance for the coming years, backed by our strong unbilled order book of approximately RM1.95 billion as at the date of this interim report after taking into two (2) new contracts secured in the beginning of 2024 with a total value of approximately RM359.50 million.

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/(Income)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
In respect of current period:				
Tax (income)/expense ⁽¹⁾	(1,700)	(1,351)	418	170
Deferred tax	2,418	(3,605)	1,048	(3,284)
Tax expense/(income)	<u>718</u>	<u>(4,956)</u>	<u>1,466</u>	<u>(3,114)</u>
Effective tax rate ⁽²⁾ (%)	60.54	N/A	27.31	N/A
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 higher than the statutory tax rate of 24.0% mainly due to certain non-deductible expenses for tax purposes and derecognition of deferred tax asset which was recognised previously.

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.

On 22 January 2024, the Board of the Company fixed the issue price for the final tranche of Placement Shares at RM0.325 per Placement Share ("**Issue Price**"). The Issue Price represents a discount of approximately RM0.0314 or 8.8% from the 5-days volume weighted average market price of Nestcon Shares from 15 January 2024 to 19 January 2024, being the market day immediately preceding to the price-fixing date of approximately RM0.3564 per Nestcon Share.

On 31 January 2024, 26,132,000 Placement Shares were listed and quoted on the ACE Market of Bursa Securities. As at the date of this report, the private placement was completed with the listing of 64,382,000 new Nestcon Shares on the ACE Market of Bursa Securities with a total proceeds of RM23.18 million.

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

As at 31 December 2023, the status of the utilisation of proceeds arising from the first 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 announcements of the Private Placement dated 13 July 2022 and 29 July 2022.

B8. Bank Borrowings

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
Current		
Term loans	12,679	5,696
Bank overdraft	45,913	27,404
Bankers acceptance	2,247	-
Factoring payable	33,885	22,284
Invoice financing	61,344	54,255
Revolving credit	26,910	18,927
	182,978	128,566
Non-current		
Term loans	18,376	21,099

The bank borrowings are secured and denominated in Ringgit Malaysia.

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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 2023.

B10. Dividend

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

B11. (Losses)/Earnings Per Share

The basic and diluted (losses)/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 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000	Unaudited Current Year-to-date 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
(Loss)/Profit attributable to the Owners of the Company	(401)	(18,471)	3,493	(15,348)
Number of ordinary shares (in thousand)	682,072	669,072	682,072	669,072
Basic ⁽¹⁾ /Diluted ⁽²⁾ (sen)	<u>(0.06)</u>	<u>(2.76)</u>	<u>0.51</u>	<u>(2.29)</u>

Notes:

- (1) Basic (losses)/earnings per share is calculated based on the Company's share capital of 682,072,000 ordinary shares (31 December 2022: 669,072,000 ordinary shares).
- (2) Diluted (losses)/earnings per share of the Company for the current financial quarter and financial year-to-date ended 31 December 2023 is equivalent to the basic (losses)/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**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
Depreciation of property, plant and equipment	4,066	3,911	16,397	14,799
Depreciation of investment properties	10	13	46	54
Property, plant and equipment written off	114	-	114	-
Rental of machineries	11,912	6,130	50,282	21,516
Rental of premises	87	131	168	289
Interest expenses	3,543	2,507	12,743	7,819
Loss/(Gain) on remeasurement of lease liabilities	226	(20)	308	(1)
Loss on disposal of investment property	50	-	50	-
Gain on disposal of property, plant and equipment	(1,195)	(402)	(1,365)	(1,454)
Interest income	(464)	(323)	(1,516)	(970)
(Gain)/Loss on foreign exchange				
- realised	(29)	75	(29)	75
- unrealised	18	(18)	18	(18)

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 February 2024.

**BY ORDER OF THE BOARD
NESTCON BERHAD
28 FEBRUARY 2024**