



NESTCON BERHAD

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

**Unaudited Interim Financial Report
For the Second Quarter Ended
30 June 2024**

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Revenue		217,043	183,989	425,534	330,671
Cost of sales		(206,371)	(176,283)	(405,251)	(315,787)
Gross profit		10,672	7,706	20,283	14,884
Other income		764	1,035	1,353	1,471
Administrative expenses		(4,056)	(4,350)	(8,343)	(8,216)
Other operating expenses		(36)	(13)	(38)	(17)
Profit from operations		7,344	4,378	13,255	8,122
Finance costs		(3,850)	(3,206)	(7,373)	(5,996)
Profit before tax	B12	3,494	1,172	5,882	2,126
Tax expense	B5	(1,005)	(278)	(1,714)	(619)
Profit after tax/Total comprehensive income for the financial period		2,489	894	4,168	1,507
Profit/(Loss) after tax/Total comprehensive income/(loss) for the financial period attributable to:					
Owners of the Company		1,901	1,314	3,479	1,832
Non-controlling interest		588	(420)	689	(325)
		2,489	894	4,168	1,507
Earnings Per Share attributable to Owners of the Company					
Basic/Diluted ⁽²⁾ (sen)	B11	0.27	0.19	0.49	0.27

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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 2023 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 708,204,000 ordinary shares (30 June 2023: 682,072,000 ordinary shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 30.06.2024 RM'000	Audited As at 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		89,679	88,922
Investment properties		1,729	1,749
Goodwill arising from consolidation		1,075	1,075
Other financial assets		2,112	2,087
Deferred tax assets		1,593	1,383
		96,188	95,216
Current Assets			
Inventories		2,423	1,274
Trade receivables		260,683	240,715
Other receivables, deposits and prepayments		24,508	30,151
Contract assets		247,207	214,521
Tax recoverable		5,289	5,029
Other financial assets		8,271	2,154
Fixed deposits with licensed banks		55,767	46,543
Cash and bank balances		76,907	70,391
		681,055	610,778
TOTAL ASSETS		777,243	705,994
EQUITY AND LIABILITIES			
Equity			
Share capital		124,000	115,592
Merger reserves		(47,544)	(47,544)
Retained earnings		65,190	61,711
		141,646	129,759
Non-controlling interests		3,919	3,230
Total Equity		145,565	132,989
Non-Current Liabilities			
Bank borrowings	B8	18,166	18,652
Lease liabilities		22,078	23,925
Deferred tax liabilities		1,026	647
		41,270	43,224
Current Liabilities			
Trade payables		349,013	317,976
Other payables and accruals		7,308	9,320
Contract liabilities		9,924	8,286
Bank borrowings	B8	211,543	182,702
Lease liabilities		11,875	11,305
Tax liabilities		745	192
		590,408	529,781
Total Liabilities		631,678	573,005
TOTAL EQUITY AND LIABILITIES		777,243	705,994
NET ASSETS PER SHARE (RM)⁽²⁾		0.20	0.19

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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 2023 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 June 2024 of 708,204,000 shares (31 December 2023: 682,072,000 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 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	4,680	-	-	4,680	-	4,680
- Share issue expenses	(41)	-	-	(41)	-	(41)
	4,639	-	-	4,639	-	4,639
Issuance of shares in subsidiary company to non-controlling interests	-	-	-	-	2,425	2,425
Total comprehensive income for the financial period	-	-	1,832	1,832	(325)	1,507
Balance as at 30 June 2023 (Unaudited)	115,592	(47,544)	60,050	128,098	2,496	130,594

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

	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 2024 (Audited)	115,592	(47,544)	61,711	129,759	3,230	132,989
Contributions by and distribution to owners of the Company						
- Issuance of shares	8,493	-	-	8,493	-	8,493
- Share issue expenses	(85)	-	-	(85)	-	(85)
	8,408	-	-	8,408	-	8,408
Total comprehensive income for the financial period	-	-	3,479	3,479	689	4,168
Balance as at 30 June 2024 (Unaudited)	124,000	(47,544)	65,190	141,646	3,919	145,565

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 2023 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Cash Flows From Operating Activities		
Profit before tax	5,882	2,126
Adjustments for:		
Depreciation of property, plant and equipment	8,697	8,200
Depreciation of investment properties	20	27
Gain on disposal of property, plant and equipment	(6)	(60)
(Gain)/Loss on derecognition of lease upon termination	(2)	69
Interest expenses	7,373	5,996
Interest income	(1,080)	(674)
Operating profit before changes in working capital	20,884	15,684
Increase in inventories	(1,149)	(572)
Increase in trade and other receivables	(14,325)	(42,937)
Increase in trade and other payables	29,025	45,683
Increase in contract assets	(32,686)	(54,958)
Increase in contract liabilities	1,638	24,121
Cash generated from/(used in) operations	3,387	(12,979)
Interest received	519	276
Tax paid	(1,252)	(1,519)
Net cash generated from/(used in) operating activities	2,654	(14,222)
Cash Flows From Investing Activities		
Addition of other investments	(24)	(24)
Interest received	24	25
Proceeds from disposal of property, plant and equipment	6	75
Purchase of property, plant and equipment	(9,501)	(15,684)
Net cash used in investing activities	(9,495)	(15,608)

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

	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Cash Flows From Financing Activities		
Interest paid	(7,373)	(5,996)
Interest received	537	373
Proceed from issuance of shares, net of share issue expenses	8,408	4,639
Subscription of shares by non-controlling interests	-	2,425
Placement of pledged fixed deposits with licensed banks	(9,224)	(7,784)
Movement in restricted cash at licensed banks	(4,385)	(2,854)
Net (repayment)/drawdown of term loans	(953)	7,444
Net (repayment)/drawdown of lease liabilities	(1,230)	4,673
Net drawdown of short-term borrowings	13,915	2,204
Net cash (used in)/generated from financing activities	(305)	5,124
Net decrease in cash and cash equivalents	(7,146)	(24,706)
Cash and cash equivalents at beginning of the financial period	(495)	27,042
Cash and cash equivalents at end of the financial period	(7,641)	2,336
Cash and cash equivalents comprise of:		
Cash and bank balances	76,907	70,976
Other financial assets	8,271	2,119
Fixed deposits with licensed banks	55,767	39,682
	<u>140,945</u>	<u>112,777</u>
Less: Bank overdrafts	(61,306)	(46,016)
Less: Pledged fixed deposits with licensed banks	(55,767)	(39,682)
Less: Restricted cash at licensed banks	(31,513)	(24,743)
	<u>(7,641)</u>	<u>2,336</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 2023 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 the financial year ended 31 December 2023 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 2023, 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 2024:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 the financial year ended 31 December 2023.

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.

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A7. Debt and Equity Securities**

There was 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 Quarter 30.06.2024	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	210,268	6,775	217,043
Results			
Depreciation of property, plant and equipment			(4,362)
Depreciation of investment properties			(10)
Interest expenses			(3,850)
Interest income			563
Other income			201
Unallocated expenses			(206,091)
Profit before tax			3,494
Tax expense			(1,005)
Profit after tax			2,489

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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 30.06.2024	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	415,898	9,636	425,534
Results			
Depreciation of property, plant and equipment			(8,697)
Depreciation of investment properties			(20)
Interest expenses			(7,373)
Interest income			1,080
Other income			273
Unallocated expenses			(404,915)
Profit before tax			5,882
Tax expense			(1,714)
Profit after tax			4,168
Unaudited Preceding Year Corresponding Quarter 30.06.2023	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	182,005	1,984	183,989
Results			
Depreciation of property, plant and equipment			(4,221)
Depreciation of investment properties			(14)
Interest expenses			(3,206)
Interest income			354
Other income			681
Unallocated expenses			(176,411)
Profit before tax			1,172
Tax expense			(278)
Profit after tax			894

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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 30.06.2023	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	326,203	4,468	330,671
Results			
Depreciation of property, plant and equipment			(8,200)
Depreciation of investment properties			(27)
Interest expenses			(5,996)
Interest income			674
Gain on disposal of property, plant and equipment			60
Other income			737
Unallocated expenses			(315,793)
Profit before tax			2,126
Tax expense			(619)
Profit after tax			1,507

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.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A11. Material Subsequent Events**

Save as disclosed below, 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.

Nestcon Infra Sdn Bhd (“**Nestcon Infra**”), a wholly-owned subsidiary of the Company, was served on 2 August 2024 with a copy of the sealed Writ and Statement of Claim both dated 25 July 2024 filed by Ong Nai Loo (“**Plaintiff**”), as one of the defendants, through a firm of lawyers acting on his behalf. The matter is fixed for case management on 19 August 2024.

According to the Statement of Claim, the Plaintiff’s complaint was that around 1 October 2018, Nestcon Infra, in the course of completing its project, allegedly trespassed on the Plaintiff’s land with machineries to carry out earthworks, thereby depriving the Plaintiff of the use and enjoyment of his land.

The Plaintiff seeks against Nestcon Infra and other defendant for injunction, general damages, exemplary or aggravated damages, indemnity and special damages of RM1,825,288.20. This claims of RM1,825,288.20 are to be assessed before the Honourable Court. Hence, the financial impact to the Group will be limited to legal costs and the amount awarded by the Honourable Court. Nestcon Infra believes it has a good defense against the claims, and any potential losses thereof are not expected to be significant to the Group.

The suit is not expected to have any operational impact to the Group. Nestcon Infra completed its works for the project in question on 12 December 2018 and the Certificate of Practical Completion was issued on the same day.

Nestcon Infra has sought legal advice and is being legally represented in the suit.

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 15 July 2024, the Company incorporated a wholly owned subsidiary, Nestcon Development Sdn Bhd (“**NDSB**”) with a paid-up capital of RM1,000, representing RM1 per ordinary share. The principal activities of NDSB are engaged in the business of property development and management.

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 30.06.2024 RM’000	Audited As at 31.12.2023 RM’000
Performance guarantee for construction contract customers	69,728	64,328
Bank guarantee given by licensed banks as security for performance bond	33,189	31,101

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**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 30.06.2024 RM’000	Audited As at 31.12.2023 RM’000
Property, plant and equipment Authorised and contracted for	<u>10,602</u>	<u>4,676</u>

A15. Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Quarter 30.06.2024 RM’000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM’000	Unaudited Current Year-to-date 30.06.2024 RM’000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM’000
Lease payment charged by Directors	<u>29</u>	<u>29</u>	<u>58</u>	<u>58</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 June 2024 ("2Q2024"), the Group recorded higher revenue of RM217.04 million as compared to RM183.99 million in the preceding year's corresponding quarter ended 30 June 2023 ("2Q2023"). The 2Q2024 revenue was mainly contributed by our building division of RM163.90 million, civil engineering and infrastructure division of RM46.37 million and renewable energy division of RM6.77 million.

The Group achieved a profit before tax ("PBT") of RM3.49 million in 2Q2024, compared to RM1.17 million in 2Q2023. The increase in PBT was mainly attributable to the higher revenue generated as a result of higher level of construction activities.

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

For the current financial year-to-date ended 30 June 2024 ("YTD 2Q2024"), the Group recorded higher revenue of RM425.53 million, an increase of RM94.86 million or 28.69% from the preceding year's corresponding year-to-date ended 30 June 2023 ("YTD 2Q2023") of RM330.67 million. The increase in revenue was mainly due to higher level of construction activities and commencement of new contracts for building division in YTD 2Q2024.

The Group recorded higher PBT of RM5.88 million in YTD 2Q2024, an increase of RM3.75 million or 176.06% from RM2.13 million in YTD 2Q2023. The increase in PBT was mainly attributable to higher revenue generated but was partially offset by the increased in finance costs by RM1.38 million resulting from the utilisation of bank facilities for new contracts secured and commenced.

B2. Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER		VARIANCE	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Quarter 31.03.2024 RM'000	RM'000	%
Revenue	217,043	208,491	8,552	4.10
PBT	3,494	2,388	1,106	46.31

The Group recorded revenue of RM217.04 million in 2Q2024 as compared to RM208.49 million in the immediate preceding quarter ended 31 March 2024 ("1Q2024"), an increase of RM8.55 million or 4.10% in 2Q2024. The increase in revenue was mainly attributable to higher level of construction activities for both building division and renewable energy division during the current financial quarter under review.

The Group recorded higher PBT of RM3.49 million in 2Q2024, an increase of RM1.11 million or 46.31% from RM2.39 million in 1Q2024. The increase in PBT was mainly attributable to higher revenue generated.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B3. Prospects and Outlook**

The Malaysia construction industry has faced significant challenges in recent years due to escalating construction material costs, rising interest rates, and increased labour expenses, all of which have impacted the Group's overall construction costs. Despite these challenges, the Group remains cautiously optimistic about its prospects, bolstered by the positive economic outlook for both the construction and renewable energy sectors in Malaysia, as highlighted in the Economic Outlook 2024 by the Ministry of Finance Malaysia and Bank Negara Malaysia.

In line with our strategic vision for sustainable growth, the Group has taken decisive steps to enhance revenue and profitability by diversifying into the Renewable Energy sector. In May 2024, we secured shareholder approval for this diversification, marking a significant milestone in expanding our business portfolio. The Group intends to leverage its extensive experience and established network within the construction industry to explore and capitalise on emerging opportunities in the Renewable Energy sector.

Recognising the challenges posed by rising construction costs, the Group has implemented stringent cost control measures across its operations. We continue to monitor material prices closely and have cultivated strong relationship with our suppliers to ensure a stable and cost-effective supply of raw materials. To mitigate the impact of fluctuating material costs, we are committed to maintaining these relationships and securing competitive pricing.

Moving forward, the Group will focus on delivering high-quality services to our clients while enhancing operational efficiencies. This approach will be key in maintaining our competitive edge in the construction industry and ensuring sustainable growth across all sectors of our business.

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.

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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 Unaudited		CUMULATIVE QUARTER Unaudited	
	Unaudited Current Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
In respect of current period:				
Income tax ⁽¹⁾	819	983	1,545	1,865
Deferred tax	186	(705)	169	(1,246)
Tax expense	<u>1,005</u>	<u>278</u>	<u>1,714</u>	<u>619</u>
Effective tax rate ⁽²⁾ (%)	28.76	23.72	29.14	29.12
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 financial year-to-date were higher than the statutory tax rate mainly due to certain non-deductible expenses for tax purposes.

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 12 July 2024, the Company had proposed to undertake a second private placement of up to 70,820,000 new ordinary shares in Nestcon, representing not more than 10% of the total number of issued shares of the Company ("**Proposed Private Placement 2024**"). The Company had obtained approval from Bursa Securities via its letter dated 31 July 2024. The Proposed Private Placement 2024 may be implemented in multiple tranches, and is expected to be completed within six (6) months from the date of approval of Bursa Securities.

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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 30 June 2024, the status of the utilisation of proceeds arising from the first private placement (“**Private Placement 2022**”) which had completed on 31 January 2024 are as follows:

Details of Utilisation	Proceeds Raised RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Intended Timeframe for the Utilisation of Shares
Building, civil engineering, and infrastructure segments:				Within 12 months
• Rental of machineries and equipment	4,639	(4,639)	-	
• Purchase of reinforcement steel	8,161	(8,161)	-	
• Payment to subcontractors	7,171	(7,171)	-	
Purchase of solar panels for renewable energy segment	3,000	(3,000)	-	Within 12 months
Estimated expenses for the Proposed Private Placement	211	(211)	-	Within 1 month
Total	23,182	(23,182)	-	

The utilisation of proceeds disclosed above should be read in conjunction with the announcement of the Proposed Private Placement dated 13 July 2022 and 29 July 2022 (“**Proposed Private Placement 2022**”).

B8. Bank Borrowings

	Unaudited As at 30.06.2024 RM'000	Audited As at 31.12.2023 RM'000
Current		
Term loans	11,936	12,403
Bank overdrafts	61,306	45,913
Factoring payable	54,324	33,885
Invoice financing	52,904	60,344
Bankers' acceptance	1,263	2,247
Revolving credits	29,810	27,910
	<u>211,543</u>	<u>182,702</u>
Non-current		
Term loans	<u>18,166</u>	<u>18,652</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 30 June 2024.

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 ("EPS") for the current financial quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Profit attributable to the Owners of the Company	1,901	1,314	3,479	1,832
Number of ordinary shares (in thousand)	708,204	682,072	708,204	682,072
Basic ⁽¹⁾ /Diluted ⁽²⁾ EPS (sen)	0.27	0.19	0.49	0.27

Notes:

(1) Basic EPS is calculated based on the Company's share capital of 708,204,000 ordinary shares (30 June 2023: 682,072,000 ordinary shares).

(2) Diluted EPS of the Company for the current financial quarter and financial year-to-date ended 30 June 2024 is equivalent to the basic EPS as the Company does not have any convertible options as at the end of the reporting period.

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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 or Loss and Other Comprehensive Income**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Quarter 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2023 RM'000	Unaudited Current Year-to-date 30.06.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2023 RM'000
Depreciation of property, plant and equipment	4,362	4,221	8,697	8,200
Depreciation of investment properties	10	14	20	27
Rental of machineries	10,518	13,314	23,338	24,628
Rental of premises	44	27	76	60
Interest expenses	3,850	3,206	7,373	5,996
(Gain)/Loss on derecognition of lease upon termination	(36)	15	(2)	69
Gain on disposal of property, plant and equipment	(6)	-	(6)	(60)
Interest income	(563)	(354)	(1,080)	(674)

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 29 August 2024.

**BY ORDER OF THE BOARD
NESTCON BERHAD
29 AUGUST 2024**