



NESTCON BERHAD

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

**Unaudited Interim Financial Report
For the Third Quarter Ended
30 September 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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Revenue		205,330	224,885	630,864	555,556
Cost of sales		(196,188)	(216,389)	(601,439)	(532,176)
Gross profit		9,142	8,496	29,425	23,380
Other income		710	772	2,063	2,243
Administrative expenses		(3,981)	(3,999)	(12,324)	(12,215)
Other operating expenses		(168)	(9)	(206)	(26)
Profit from operations		5,703	5,260	18,958	13,382
Finance costs		(3,894)	(3,204)	(11,267)	(9,200)
Profit before tax	B12	1,809	2,056	7,691	4,182
Tax expense	B5	(669)	(129)	(2,383)	(748)
Profit after tax/Total comprehensive income for the financial period		1,140	1,927	5,308	3,434
Profit/(Loss) after tax/Total comprehensive income/(loss) for the financial period attributable to:					
Owners of the Company		1,280	2,062	4,759	3,894
Non-controlling interest		(140)	(135)	549	(460)
		1,140	1,927	5,308	3,434
Earnings Per Share attributable to Owners of the Company					
Basic/Diluted ⁽²⁾ (sen)	B11	0.18	0.30	0.67	0.57

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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 714,704,000 ordinary shares (30 September 2023: 682,072,000 ordinary shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 30.09.2024 RM'000	Audited As at 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		88,682	88,922
Investment properties		1,719	1,749
Goodwill arising from consolidation		1,075	1,075
Other financial assets		2,124	2,087
Deferred tax assets		1,595	1,383
		95,195	95,216
Current Assets			
Inventories		2,282	1,274
Trade receivables		255,586	240,715
Other receivables, deposits and prepayments		32,664	30,151
Contract assets		227,035	214,521
Tax recoverable		5,592	5,029
Other financial assets		8,341	2,154
Fixed deposits with licensed banks		59,858	46,543
Cash and bank balances		59,537	70,391
		650,895	610,778
TOTAL ASSETS		746,090	705,994
EQUITY AND LIABILITIES			
Equity			
Share capital		126,482	115,592
Merger reserves		(47,544)	(47,544)
Retained earnings		66,470	61,711
		145,408	129,759
Non-controlling interests		3,779	3,230
Total Equity		149,187	132,989
Non-Current Liabilities			
Bank borrowings	B8	16,330	18,652
Lease liabilities		23,081	23,925
Deferred tax liabilities		1,225	647
		40,636	43,224
Current Liabilities			
Trade payables		328,623	317,976
Other payables and accruals		6,379	9,320
Contract liabilities		4,651	8,286
Bank borrowings	B8	203,056	182,702
Lease liabilities		12,804	11,305
Tax liabilities		754	192
		556,267	529,781
Total Liabilities		596,903	573,005
TOTAL EQUITY AND LIABILITIES		746,090	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 September 2024 of 714,704,000 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	-	-	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

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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
<i>Contributions by and distribution to Owners of the Company</i>						
- Issuance of shares	10,996	-	-	10,996	-	10,996
- Share issue expenses	(106)	-	-	(106)	-	(106)
	10,890	-	-	10,890	-	10,890
Total comprehensive income for the financial period	-	-	4,759	4,759	549	5,308
Balance as at 30 September 2024 (Unaudited)	126,482	(47,544)	66,470	145,408	3,779	149,187

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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Cash Flows From Operating Activities		
Profit before tax	7,691	4,182
Adjustments for:		
Depreciation of property, plant and equipment	13,109	12,331
Depreciation of investment properties	30	36
Gain on disposal of property, plant and equipment	(6)	(170)
(Gain)/Loss on derecognition of lease upon termination	(2)	82
Interest expenses	11,267	9,200
Interest income	(1,619)	(1,052)
Operating profit before changes in working capital	30,470	24,609
(Increase)/Decrease in inventories	(1,008)	104
Increase in trade and other receivables	(17,384)	(23,167)
Increase in trade and other payables	7,706	80,181
Increase in contract assets	(12,514)	(98,450)
(Decrease)/Increase in contract liabilities	(3,635)	108
Cash generated from/(used in) operations	3,635	(16,615)
Interest received	816	401
Tax paid	(2,018)	(2,211)
Net cash generated from/(used in) operating activities	2,433	(18,425)
Cash Flows From Investing Activities		
Addition of other financial assets	(37)	(36)
Interest received	35	37
Proceeds from disposal of property, plant and equipment	231	625
Proceeds from disposal of investment property	-	705
Purchase of property, plant and equipment	(13,141)	(18,765)
Net cash used in investing activities	(12,912)	(17,434)

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

	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Cash Flows From Financing Activities		
Interest paid	(11,267)	(9,200)
Interest received	768	614
Proceeds from issuance of shares, net of share issue expenses	10,890	4,639
Subscription of shares by non-controlling interests	-	2,425
Placement of pledged fixed deposits with licensed banks	(13,315)	(12,385)
Movement in restricted cash at licensed banks	(1,893)	(4,263)
Net (repayment)/drawdown of term loans	(3,349)	3,433
Net drawdown of lease liabilities	704	2,771
Net drawdown of short-term borrowings	8,236	17,112
Net cash (used in)/generated from financing activities	(9,226)	5,146
Net decrease in cash and cash equivalents	(19,705)	(30,713)
Cash and cash equivalents at beginning of the financial period	(495)	27,042
Cash and cash equivalents at end of the financial period	(20,200)	(3,671)
Cash and cash equivalents comprise of:		
Cash and bank balances	59,537	80,081
Other financial assets	8,341	2,136
Fixed deposits with licensed banks	59,858	44,283
	<u>127,736</u>	<u>126,500</u>
Less: Bank overdrafts	(59,058)	(59,738)
Less: Pledged fixed deposits with licensed banks	(59,858)	(44,283)
Less: Restricted cash at licensed banks	(29,020)	(26,150)
	<u>(20,200)</u>	<u>(3,671)</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**

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 Quarter 30.09.2024	Building and Infrastructure RM’000	Renewable Energy RM’000	Total RM’000
Revenue	201,335	3,995	205,330
Results			
Depreciation of property, plant and equipment			(4,412)
Depreciation of investment properties			(10)
Interest expenses			(3,894)
Interest income			539
Other income			171
Unallocated expenses			(195,915)
Profit before tax			1,809
Tax expense			(669)
Profit after tax			1,140

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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 30.09.2024	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	617,233	13,631	630,864
Results			
Depreciation of property, plant and equipment			(13,109)
Depreciation of investment properties			(30)
Interest expenses			(11,267)
Interest income			1,619
Gain on disposal of property, plant and equipment			6
Other income			438
Unallocated expenses			(600,830)
Profit before tax			7,691
Tax expense			(2,383)
Profit after tax			5,308
Unaudited Preceding Year Corresponding 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 Preceding Year Corresponding 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

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 10 September 2024, Nestcon Development Sdn Bhd, a wholly owned subsidiary of the Company, in collaboration with Mr. Lim Aik Hoe and Mr. Lim Aik Kiat incorporated a subsidiary, Nestcon PJS Sdn Bhd (“**NPSB**”) with a paid-up capital of RM1,000, representing 70%, 15% and 15% of equity interest, respectively. NPSB is principally engaged in property development and management.

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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 30.09.2024 RM'000	Audited As at 31.12.2023 RM'000
Performance guarantee for construction contract customers	78,006	64,328
Bank guarantee given by licensed banks as security for performance bond	39,076	31,101

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 30.09.2024 RM'000	Audited As at 31.12.2023 RM'000
Property, plant and equipment Authorised and contracted for	10,361	4,676

A15. Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Quarter 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Lease payment charged by Directors	29	29	87	87

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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**

The Group recorded revenue of RM205.33 million for the current financial quarter ended 30 September 2024 ("**3Q2024**") as compared to RM224.89 million in the preceding year's corresponding quarter ended 30 September 2023 ("**3Q2023**"). The 3Q2024 revenue was mainly contributed by our building division of RM151.03 million, civil engineering and infrastructure division of RM50.30 million and renewable energy division of RM4.00 million.

The Group registered a profit before tax ("**PBT**") of RM1.81 million in 3Q2024, compared to RM2.06 million in 3Q2023. The lower in PBT was mainly due to lower revenue generated as well as the increased in finance costs by RM0.69 million from the utilisation of bank facilities for new contracts secured and commenced.

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

For the current financial year-to-date ended 30 September 2024 ("**YTD 3Q2024**"), the Group recorded higher revenue of RM630.86 million, an increase of RM75.30 million or 13.56% from the preceding year's corresponding year-to-date ended 30 September 2023 ("**YTD 3Q2023**") of RM555.56 million. The increased in revenue was mainly due to higher level of construction activities and commencement of new contracts in YTD 3Q2024.

The Group recorded higher PBT of RM7.69 million in YTD 3Q2024, an increase of RM3.51 million or 83.97% from RM4.18 million in YTD 3Q2023. The increase in PBT was mainly attributable to higher revenue generated but was partially offset by the increased in finance costs by RM2.07 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 30.09.2024	Unaudited Preceding Quarter 30.06.2024		
	RM'000	RM'000	RM'000	%
Revenue	205,330	217,043	(11,713)	(5.40)
PBT	1,809	3,494	(1,685)	(48.23)

The Group reported revenue of RM205.33 million in 3Q2024 as compared to RM217.04 million in the immediate preceding quarter ended 30 June 2024 ("**2Q2024**"), a decrease of RM11.71 million or 5.40% in 3Q2024. The decrease in revenue was mainly attributable to certain contracts are near to completion stage; hence, lower level of construction activities being carried out during the current financial quarter under review.

The Group recorded lower PBT of RM1.81 million in 3Q2024 as compared to RM3.49 million in 2Q2024, a decrease of RM1.68 million or 48.23% in 3Q2024. The decrease in PBT was mainly due to lower 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 global economic landscape remains challenging, shaped by factors such as interest rate outlooks, trade tensions, geopolitical uncertainties in the Middle East and other regions, and macroeconomic shifts. Despite these challenges, the outlook for Malaysia's construction industry shows signs of recovery, buoyed by improved market sentiment.

While the Group's performance in the third quarter was encouraging, we remain cautious due to the highly competitive nature of the industry. The Group will stay vigilant and adaptable to market dynamics, recognising potential challenges such as rising costs of raw materials and labour. The government's recent announcement of a new minimum wage of RM1,700, which will take effect on 1 February 2025, adds further considerations to our cost structure.

Looking ahead, the Group is committed to balancing efforts between optimising current operations and advancing growth initiatives in both the construction and renewable energy segments. By leveraging operational efficiencies and cost-saving initiatives, the Group aims to drive stronger performance in the coming year.

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		CUMULATIVE QUARTER	
	Unaudited Current Quarter 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
In respect of current period:				
Income tax ⁽¹⁾	472	253	2,017	2,118
Deferred tax	197	(124)	366	(1,370)
Tax expense	<u>669</u>	<u>129</u>	<u>2,383</u>	<u>748</u>
Effective tax rate ⁽²⁾ (%)	36.98	6.27	30.98	17.89
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 of 24% 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, to independent third-party investors to be identified and at an issue price to be determined later ("**Placement Shares 2024**"). The Company had obtained approval from Bursa Securities via its letter dated 31 July 2024. The Placement Shares 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.

On 23 August 2024, the Board of the Company fixed the issue price for the first tranche of Placement Shares 2024 at RM0.3850 per Placement Share ("**Issue Price**"). The Issue Price represents a discount of approximately RM0.0386 or 9.1% from the 5-days volume weighted average market price of Nestcon Shares from 16 August 2024 to 22 August 2024, being the market day immediately preceding to the price-fixing date of approximately RM0.4236 per Nestcon Share.

On 2 September 2024, 6,500,000 Placement Shares were listed and quoted on the ACE Market of Bursa Securities.

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 September 2024, the status of the utilisation of proceeds arising from the first tranche of second private placement ("**Private Placement 2024**") is as follows:

Details of Utilisation	Proceeds Raised RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Intended Timeframe for the Utilisation Upon Placement of Shares
Repayment of bank borrowings	2,482	-	2,482	Within 6 months
Working capital	-	-	-	Within 12 months
Estimated expenses for the Proposed Private Placement	21	(21)	-	Within 1 month
Total	2,503	(21)	2,482	

The utilisation of proceeds disclosed above should be read in conjunction with the announcement of the Proposed Private Placement 2024 dated 12 July 2024.

B8. Bank Borrowings

	Unaudited As at 30.09.2024 RM'000	Audited As at 31.12.2023 RM'000
Current		
Term loans	11,376	12,403
Bank overdrafts	59,058	45,913
Factoring payable	44,928	33,885
Invoice financing	57,244	60,344
Bankers' acceptance	530	2,247
Revolving credits	29,920	27,910
	203,056	182,702
Non-current		
Term loans	16,330	18,652

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**

Save as disclosed below, there were no material litigations involving the Group as at 30 September 2024.

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.

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.

Nestcon Infra has filed its defence on 30 August 2024 and Plaintiff replied on 13 September 2024. In the e-review on 23 October 2024, the Court has given directions for Defendants and Plaintiff to prepare and file in Pre-Trial Documents such as bundle of pleading, bundle of proof documents, list of witness, agreed facts, case chronology and case summary. The next case management is fixed on 23 December 2024.

No provision was made as at 30 September 2024 as Nestcon Infra has a good defence against the claims.

B10. Dividend

No dividend has been declared or recommended by the Board of Directors for 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)**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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Profit attributable to the Owners of the Company	1,280	2,062	4,759	3,894
Number of ordinary shares (in thousand)	714,704	682,072	714,704	682,072
Basic ⁽¹⁾ /Diluted ⁽²⁾ EPS (sen)	<u>0.18</u>	<u>0.30</u>	<u>0.67</u>	<u>0.57</u>

Notes:

- (1) Basic EPS is calculated based on the Company’s share capital of 714,704,000 ordinary shares (30 September 2023: 682,072,000 ordinary shares).
- (2) Diluted EPS of the Company for the current financial quarter and financial year-to-date ended 30 September 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 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2023 RM'000	Unaudited Current Year-to-date 30.09.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2023 RM'000
Depreciation of property, plant and equipment	4,412	4,131	13,109	12,331
Depreciation of investment properties	10	9	30	36
Rental of machineries	9,215	13,742	32,553	38,370
Rental of premises	23	21	99	81
Interest expenses	3,894	3,204	11,267	9,200
Loss/(Gain) on derecognition of lease upon termination	-	13	(2)	82
Gain on disposal of property, plant and equipment	-	(110)	(6)	(170)
Interest income	(539)	(378)	(1,619)	(1,052)

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 2024.

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