



NESTCON BERHAD

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

**Unaudited Interim Financial Report
For the Fourth Quarter Ended
31 December 2024**

NESTCON BERHAD

Registration No. 202001008684 (1365004-W)

- Unaudited Interim Financial Report For The Fourth (4th) Quarter Ended 31 December 2024
- Page 2

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Quarter 31.12.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2023 RM'000	Unaudited Current Year-to-date 31.12.2024 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2023 RM'000
Revenue		207,268	219,590	838,132	775,146
Cost of sales		(197,852)	(214,656)	(799,291)	(746,832)
Gross profit		9,416	4,934	38,841	28,314
Other income		1,339	2,016	3,402	4,259
Administrative expenses		(4,535)	(2,021)	(16,859)	(14,236)
Other operating expenses		(252)	(200)	(458)	(226)
Profit from operations		5,973	4,729	24,931	18,111
Finance costs		(3,879)	(3,543)	(15,146)	(12,743)
Profit before tax	B12	2,089	1,186	9,780	5,368
Tax expense	B5	(930)	(718)	(3,313)	(1,466)
Profit after tax/Total comprehensive income for the financial period/year		1,159	468	6,467	3,902
Profit/(Loss) after tax/Total comprehensive income/(loss) for the financial period/year attributable to:					
Owners of the Company		3,093	(401)	7,852	3,493
Non-controlling interest		(1,934)	869	(1,385)	409
		1,159	468	6,467	3,902
Earnings/(Loss) Per Share attributable to Owners of the Company					
Basic/Diluted ⁽²⁾ (sen)	B11	0.43	(0.06)	1.10	0.51

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/(loss) per share are calculated based on the Company's share capital of 714,704,000 ordinary shares (31 December 2023: 682,072,000 ordinary shares).

(The remainder of this page is intentionally left blank)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 31.12.2024 RM'000	Audited As at 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		96,447	88,922
Investment properties		1,710	1,749
Goodwill arising from consolidation		1,075	1,075
Other financial assets		2,136	2,087
Deferred tax assets		2,818	1,383
		104,186	95,216
Current Assets			
Inventories		3,470	1,274
Trade receivables		239,722	240,715
Other receivables, deposits and prepayments		33,918	30,151
Contract assets		229,668	214,521
Tax recoverable		3,237	5,029
Other financial assets		8,412	2,154
Fixed deposits with licensed banks		58,834	46,543
Cash and bank balances		82,743	70,391
		660,004	610,778
TOTAL ASSETS		764,190	705,994
EQUITY AND LIABILITIES			
Equity			
Share capital		126,482	115,592
Merger reserves		(47,544)	(47,544)
Retained earnings		69,563	61,711
		148,501	129,759
Non-controlling interests		1,845	3,230
Total Equity		150,346	132,989
Non-Current Liabilities			
Bank borrowings	B8	14,503	18,652
Lease liabilities		26,779	23,925
Deferred tax liabilities		1,739	647
		43,021	43,224
Current Liabilities			
Trade payables		337,209	317,976
Other payables and accruals		15,268	9,320
Contract liabilities		14,639	8,286
Bank borrowings	B8	188,827	182,702
Lease liabilities		14,464	11,305
Tax liabilities		416	192
		570,823	529,781
Total Liabilities		613,844	573,005
TOTAL EQUITY AND LIABILITIES		764,190	705,994
NET ASSETS PER SHARE (RM)⁽²⁾		0.21	0.19

**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 31 December 2024 of 714,704,000 shares (31 December 2023: 682,072,000 shares).

(The remainder of this page is intentionally left blank)

NESTCON BERHAD

Registration No. 202001008684 (1365004-W)

- Unaudited Interim Financial Report For The Fourth (4th) Quarter Ended 31 December 2024
- Page 6

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY⁽¹⁾

	Attributable to Owners of the Company				Non-controlling interest RM'000	Total Equity RM'000
	Non-distributable		Distributable			
	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000	Total 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
Net profit/total comprehensive income for the financial year	-	-	3,493	3,493	409	3,902
Balance as at 31 December 2023 (Audited)	115,592	(47,544)	61,711	129,759	3,230	132,989

(The remainder of this page is intentionally left blank)

NESTCON BERHAD

Registration No. 202001008684 (1365004-W)

- Unaudited Interim Financial Report For The Fourth (4th) Quarter Ended 31 December 2024
- Page 7

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

	Attributable to Owners of the Company				Non-controlling interest RM'000	Total Equity RM'000
	Non-distributable	Distributable				
	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000	Total 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
Net profit/(loss)/total comprehensive income/(loss) for the financial year	-	-	7,852	7,852	(1,385)	6,467
Balance as at 31 December 2024 (Unaudited)	126,482	(47,544)	69,563	148,501	1,845	150,346

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾

	Unaudited Current Year-to-date 31.12.2024 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2023 RM'000
Cash Flows From Operating Activities		
Profit before tax	9,780	5,368
Adjustments for:		
Accretion of interest on other financial assets	(49)	(49)
Depreciation of property, plant and equipment	17,901	16,397
Depreciation of investment properties	39	46
Dividend income from other financial assets	(46)	(26)
Fair value gain from other financial assets	(212)	(47)
Gain on disposal of property, plant and equipment	(38)	(1,365)
Loss on disposal of investment property	-	50
Gain on derecognition of lease upon termination	(2)	(3)
Interest expenses	15,146	12,743
Interest income	(1,904)	(1,394)
Property, plant and equipment written off	147	114
Operating profit before changes in working capital	40,762	31,834
Increase in inventories	(2,196)	(270)
Increase in trade and other receivables	(2,774)	(76,853)
Increase in trade and other payables	22,044	114,896
Increase in contract assets	(15,147)	(88,061)
Increase in contract liabilities	6,353	2,048
Cash generated from/(used in) operations	49,042	(16,406)
Interest received	759	523
Tax paid	(2,824)	(2,546)
Tax refunded	1,184	-
Net cash generated from/(used in) operating activities	48,161	(18,429)
Cash Flows From Investing Activities		
Purchase of other financial assets	258	73
Proceeds from disposal of property, plant and equipment	291	2,233
Proceeds from disposal of investment property	-	655
Purchase of property, plant and equipment	(3,281)	(4,277)
Net cash used in investing activities	(2,732)	(1,316)

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

	Unaudited Current Year-to-date 31.12.2024 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2023 RM'000
Cash Flows From Financing Activities		
Interest paid	(15,146)	(12,743)
Interest received	1,145	871
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	(12,291)	(14,645)
Movement in restricted cash at licensed banks	(5,483)	(5,241)
Net repayment of lease liabilities	(9,310)	(11,869)
Net drawdown of bank borrowings	6,863	28,770
Net cash used in financing activities	(23,332)	(7,793)
Net increase/(decrease) in cash and cash equivalents	22,097	(27,538)
Cash and cash equivalents at beginning of the financial year	(496)	27,042
Cash and cash equivalents at end of the financial year	21,601	(496)
Cash and cash equivalents comprise of:		
Cash and bank balances	82,743	70,391
Other financial assets	8,412	2,154
Fixed deposits with licensed banks	58,834	46,543
	149,989	119,088
Less: Bank overdrafts	(36,943)	(45,913)
Less: Pledged fixed deposits with licensed banks	(58,834)	(46,543)
Less: Restricted cash at licensed banks	(32,611)	(27,128)
	21,601	(496)

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 31.12.2024	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	203,634	3,634	207,268
Results			
Depreciation of property, plant and equipment			(4,792)
Depreciation of investment properties			(9)
Interest expenses			(3,879)
Interest income			285
Gain on disposal of property, plant and equipment			32
Other income			1,022
Property, plant and equipment written off			(147)
Unallocated expenses			(197,691)
Profit before tax			2,089
Tax expense			(930)
Profit after tax			1,159

(The remainder of this page is intentionally left blank)

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 31.12.2024	Building and Infrastructure RM'000	Renewable Energy RM'000	Total RM'000
Revenue	820,867	17,265	838,132
Results			
Depreciation of property, plant and equipment			(17,901)
Depreciation of investment properties			(39)
Interest expenses			(15,146)
Interest income			1,904
Gain on disposal of property, plant and equipment			38
Other income			1,460
Property, plant and equipment written off			(147)
Unallocated expenses			(798,521)
Profit before tax			9,780
Tax expense			(3,313)
Profit after tax			6,467
Unaudited Preceding Year Corresponding 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			342
Gain on disposal of property, plant and equipment			1,195
Loss on disposal of investment property			(50)
Other income			479
Property, plant and equipment written off			(114)
Unallocated expenses			(212,637)
Profit before tax			1,186
Tax expense			(718)
Profit after tax			468

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 31.12.2023	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			1,394
Gain on disposal of property, plant and equipment			1,365
Loss on disposal of investment property			(50)
Other income			1,500
Property, plant and equipment written off			(114)
Unallocated expenses			(744,687)
Profit before tax			5,368
Tax expense			(1,466)
Profit after tax			3,902

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.

(The remainder of this page is intentionally left blank)

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (CONTINUED)

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 7 January 2025, Nestcon Property Sdn Bhd (formerly known as 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 Iskandar Puteri Sdn Bhd ("**NIPSB**") with a paid-up capital of RM1,000, representing 70%, 15% and 15% of equity interest, respectively. NIPSB is principally engaged in property development and management.

On 8 January 2025, the Company incorporated a wholly owned subsidiary, Nestcon RE Sdn Bhd ("**NRSB**") with a paid-up capital of RM1,000, representing RM1 per ordinary share. NRSB is principally engaged in investment holding and renewable energy activities.

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 31.12.2024 RM'000	Audited As at 31.12.2023 RM'000
Performance guarantee for construction contract customers	78,009	64,328
Bank guarantee given by licensed banks as security for performance bond	<u>33,541</u>	<u>31,101</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 31.12.2024 RM'000	Audited As at 31.12.2023 RM'000
Property, plant and equipment		
Authorised and contracted for	<u>3,815</u>	<u>4,676</u>

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A15. Related Party Transactions**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Quarter 31.12.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2023 RM'000	Unaudited Current Year-to-date 31.12.2024 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2023 RM'000
Lease payment charged by Directors	29	29	116	116

(The remainder of this page is intentionally left blank)

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 RM207.27 million for the current financial quarter ended 31 December 2024 ("**4Q2024**") as compared to RM219.59 million in the preceding year's corresponding quarter ended 31 December 2023 ("**4Q2023**"). The 4Q2024 revenue was mainly contributed by our building division of RM157.82 million, civil engineering and infrastructure division of RM45.82 million and renewable energy division of RM3.63 million.

The Group registered a slight improved in profit before tax ("**PBT**") of RM2.09 million in 4Q2024, compared to RM1.19 million in 4Q2023.

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

For the current financial year-to-date ended 31 December 2024 ("**YTD 2024**"), the Group recorded higher revenue of RM838.13 million, an increase of RM62.98 million or 8.12% from the preceding year's corresponding year-to-date ended 31 December 2023 ("**YTD 2023**") of RM775.15 million. The increased in revenue was mainly due to higher level of construction activities and commencement of new contracts in YTD 2024.

The Group recorded higher PBT of RM9.78 million in YTD 2024, an increase of RM4.41 million or 82.12% from RM5.37 million in YTD 2023. The increased in PBT was mainly attributable to a slight improved in gross profit resulting from several contracts with revised budgeted costs were near to completion. However, the increase was partially offset by the increased in administrative expenses and finance costs by RM2.62 million and RM2.40 million which associated with the increased in headcounts and professional fees together with 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 31.12.2024 RM'000	Unaudited Preceding Quarter 30.09.2024 RM'000	RM'000	%
Revenue	207,268	205,330	1,938	0.94
PBT	2,089	1,809	280	15.48

The Group recorded revenue of RM207.27 million in 4Q2024 as compared to RM205.33 million in the immediate preceding quarter ended 30 September 2024 ("**3Q2024**"), an increase of RM1.94 million or 0.94% in 4Q2024, is consistent with the level of construction activities carried out by the Group.

The Group registered a PBT of RM2.09 million in 4Q2024, an increase of RM0.28 million or 15.48% from RM1.81 million in 3Q2024.

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 construction industry in Malaysia has faced significant challenges in recent years due to the rising costs of construction materials and labour. In 2024, new regulatory changes, including the removal of diesel subsidies, the imposition of service tax on logistics, and the implementation of a new minimum wage of RM1,700, have further increased the Group's construction costs.

To navigate these challenges, the Group remains vigilant, adopting prudent strategies and proactive measures to manage risks and mitigate the impact of rising costs. These include implementing stringent cost-control measures across operations and closely monitoring the prices of construction materials. Additionally, the Group has taken steps to enhance revenue and profitability by diversifying into the renewable energy business, creating an alternative income stream.

Despite these challenges, the construction, infrastructure, and property development industries in Malaysia are expected to stabilise and grow, driven by infrastructure development, economic expansion, and ongoing government initiatives. The Group is committed to resilience in navigating economic cycles and market fluctuations. This adaptability enables the Group to leverage its expertise, strengthen its industry position, and maintain long-term business relationships with promising prospects.

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.

(The remainder of this page is intentionally left blank)

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		Audited	
	Unaudited	Unaudited	Unaudited	Unaudited
	Current	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-to-date	Year-to-date
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Tax expense/(income) ⁽¹⁾	1,640	(1,700)	3,657	418
Deferred tax	(710)	2,418	(344)	1,048
Tax expense	930	718	3,313	1,466
Effective tax rate ⁽²⁾ (%)	44.41	60.54	33.86	27.31
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 24.00% 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. An extension of time was sought from Bursa Securities for an additional six (6) months up to 30 July 2025 to complete the implementation of the private placement, Bursa Securities had on 5 February 2025 approved the said extension of time.

As at the date of this interim financial report, the Company had completed one (1) tranche of private placement involving a total issuance of 6,500,000 new Nestcon Shares which was listed and quoted on the ACE Market of Bursa Securities, with a total proceeds of RM2.50 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 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	(2,503)	-	

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 31.12.2024 RM'000	Audited As at 31.12.2023 RM'000
Current		
Term loans	10,806	12,403
Bank overdrafts	36,943	45,913
Factoring payable	49,309	33,885
Invoice financing	59,960	60,344
Bankers' acceptance	1,499	2,247
Revolving credits	30,310	27,910
	188,827	182,702
Non-current		
Term loans	14,503	18,652

The bank borrowings are secured and denominated in Ringgit Malaysia.

(The remainder of this page is intentionally left blank)

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 31 December 2024.

Nestcon Infra Sdn Bhd ("**Nestcon Infra**" or "**Defendant**"), 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.

The case management held on 13 February 2025 was attended through e-Review whereby the Plaintiff had filed the agreed facts with the Court, and is currently in the process of finalising the common bundle of documents with the Defendants, as well as the issues to be tried. The next case management is fixed on 26 March 2025 for the updates of the status of the Pre-Trial documents. Also, the Court has fixed the trial dates from 1 to 12 December 2025 which will be conducted physically at Seremban High Court 2.

No provision was made as at 31 December 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.

(The remainder of this page is intentionally left blank)

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

B11. Earnings/(Loss) Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Quarter 31.12.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2023 RM'000	Unaudited Current Year-to-date 31.12.2024 RM'000	Unaudited Preceding Year Corresponding Year-to-date 31.12.2023 RM'000
Profit/(loss) attributable to the Owners of the Company	3,093	(401)	7,852	3,493
Number of ordinary shares (in thousand)	714,704	682,072	714,704	682,072
Basic ⁽¹⁾ /Diluted ⁽²⁾ EPS (sen)	<u>0.43</u>	<u>(0.06)</u>	<u>1.10</u>	<u>0.51</u>

Notes:

- (1) Basic earnings/(loss) per share is calculated based on the Company's share capital of 714,704,000 ordinary shares (31 December 2023: 682,072,000 ordinary shares).
- (2) Diluted earnings/(loss) per share of the Company for the current financial quarter and financial year-to-date ended 31 December 2024 is equivalent to the basic earnings/(loss) per share as the Company does not have any convertible options as at the end of the reporting period/year.

(The remainder of this page is intentionally left blank)

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 31.12.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2023 RM'000	Unaudited Current Year-to-date 31.12.2024 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2023 RM'000
Depreciation of property, plant and equipment	4,792	4,066	17,901	16,397
Depreciation of investment properties	9	10	39	46
Property, plant and equipment written off	147	114	147	114
Rental of machineries	14,757	11,912	47,310	50,282
Rental of premises	26	87	125	168
Interest expenses	3,879	3,543	15,146	12,743
Gain on derecognition of lease upon termination	-	-	(2)	(3)
Loss on disposal of investment property	-	50	-	50
Gain on disposal of property, plant and equipment	(32)	(1,195)	(38)	(1,365)
Interest income	(285)	(342)	(1,904)	(1,394)
Loss/(Gain) on foreign exchange				
- realised	37	(29)	37	(29)
- unrealised	-	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 27 February 2025.

**BY ORDER OF THE BOARD
NESTCON BERHAD
27 FEBRUARY 2025**