



NESTCON BERHAD

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

**Unaudited Interim Financial Report
For the Second Quarter Ended
30 June 2022**

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Year Quarter 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2021 RM'000	Unaudited Current Year-to-date 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM'000
Revenue		105,109	84,774	199,372	180,390
Cost of sales		(97,144)	(77,670)	(183,696)	(164,802)
Gross profit		7,965	7,104	15,676	15,588
Other income		486	425	1,009	973
Administrative expenses		(2,852)	(4,007)	(6,764)	(6,765)
Other operating expenses		(13)	(15)	(27)	(32)
Profit from operations		5,586	3,507	9,894	9,764
Finance costs		(1,741)	(1,428)	(3,222)	(2,764)
Profit before tax	B12	3,845	2,079	6,672	7,000
Income tax expense	B5	(1,160)	(1,072)	(2,218)	(2,304)
Net profit/Total comprehensive income for the financial period		2,685	1,007	4,454	4,696
Net profit/Total comprehensive income for the financial period attributable to:					
Owners of the Company		2,766	1,007	4,535	4,696
Non-controlling interest		(81)	-	(81)	-
		2,685	1,007	4,454	4,696
Earnings Per Share ("EPS") attributable to Owners of the Company					
Basic EPS ⁽²⁾ (sen)	B11	0.43	0.16	0.70	0.73
Diluted EPS ⁽³⁾ (sen)	B11	0.43	0.16	0.70	0.73

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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 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic EPS is calculated based on the Company's share capital of 643,822,000 ordinary shares (30 June 2021: 643,822,000 ordinary shares).
- (3) Diluted EPS is calculated based on the Company's share capital of 643,822,000 ordinary shares.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		77,642	59,959
Investment properties		2,526	2,554
Goodwill		1,076	-
Other investments		2,014	1,990
Deferred tax assets		453	568
Trade receivables		37,917	33,534
		121,628	98,605
Current Assets			
Trade receivables		71,545	80,305
Other receivables, deposits and prepayments		15,083	11,768
Contract assets		117,138	87,574
Inventories		391	-
Other investments		6,048	15,064
Fixed deposit with financial institution		22,505	20,835
Cash and cash equivalents		104,365	89,382
		337,075	304,928
TOTAL ASSETS		458,703	403,533
EQUITY AND LIABILITIES			
Equity			
Share capital		101,029	101,029
Merger reserve		(47,544)	(47,544)
Retained earnings		78,101	74,056
		131,586	127,541
Non-controlling interest		503	-
Total equity		132,089	127,541
Non-Current Liabilities			
Trade payables		15,452	14,197
Bank borrowings	B8	5,959	2,549
Lease liabilities		21,366	8,739
Deferred tax liabilities		1,802	2,068
		44,579	27,553
Current Liabilities			
Trade payables		162,911	156,965
Other payables and accruals		9,121	5,360
Contract liabilities		16,911	13,772
Bank borrowings	B8	80,551	62,391
Lease liabilities		10,689	9,180
Income tax payable		1,852	771
		282,035	248,439
Total Liabilities		326,614	275,992
TOTAL EQUITY AND LIABILITIES		458,703	403,533
NET ASSETS PER SHARE (RM)⁽²⁾		0.20	0.20

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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 2021 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 2022 of 643,822,000 shares (31 December 2021: 643,822,000 shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY⁽¹⁾

	Attributable to Owners of the Company			Total Equity RM'000
	Non-distributable		Distributable	
	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000	
Balance as at 1 January 2021 (Audited)	10,400	-	61,845	72,245
<i>Contributions by and distribution to owners of the Company</i>				
- Issuance of shares pursuant to acquisition of subsidiaries	57,944	-	-	57,944
- Adjustment on acquisition of subsidiaries	(10,400)	(47,544)	-	(57,944)
- Issuance of shares	45,068	-	-	45,068
- Listing expenses	(1,983)	-	-	(1,983)
	90,629	(47,544)	-	43,085
Total comprehensive income for the financial period	-	-	4,696	4,696
Balance as at 30 June 2021 (Unaudited)	101,029	(47,544)	66,541	120,026

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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 2022 (Audited)	101,029	(47,544)	74,056	127,541	-	127,541
Contributions by and distribution to owners of the Company						
- Issuance of shares in subsidiary to non-controlling interest	-	-	-	-	1,127	1,127
- Acquisition of a subsidiary	-	-	-	-	(1,033)	(1,033)
- Changes of equity interest in subsidiaries	-	-	(490)	(490)	490	-
	-	-	(490)	(490)	584	94
Total comprehensive income/(loss) for the financial period	-	-	4,535	4,535	(81)	4,454
Balance as at 30 June 2022 (Unaudited)	101,029	(47,544)	78,101	131,586	503	132,089

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 2021 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 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM'000
Cash Flows From Operating Activities		
Profit before tax	6,672	7,000
Adjustments for:		
Depreciation of property, plant and equipment	7,113	6,118
Depreciation of investment properties	27	32
Gain on disposal of property, plant and equipment	(523)	(122)
Gain on disposal of investment property	-	(33)
Loss on remeasurement of lease liabilities	13	-
Interest expenses	3,222	2,764
Interest income	(419)	(347)
Operating profit before changes in working capital	16,105	15,412
Decrease in trade and other receivables	2,308	20,871
Increase/(Decrease) in trade and other payables	9,349	(4,237)
Increase in contract assets	(29,564)	(23,025)
Increase/(Decrease) in contract liabilities	3,139	(4,793)
Cash generated from operations	1,337	4,228
Interest received	175	125
Income tax paid	(1,493)	(1,725)
Net cash generated from operating activities	19	2,628
Cash Flows From Investing Activities		
Addition of other investments	(24)	(24)
Interest received	25	29
Acquisition of a subsidiary, net of cash acquired	(1,840)	-
Proceeds from disposal of property, plant and equipment	1,135	528
Proceeds from disposal of investment property	-	680
Purchase of property, plant and equipment	(25,380)	(1,860)
Net cash used in investing activities	(26,084)	(647)
Cash Flows From Financing Activities		
Interest paid	(3,222)	(2,764)
Interest received	219	193
Proceeds from issuance of ordinary shares	-	45,068
Payment of share issuance expenses	-	(1,983)
Placement of pledged deposits with financial institution	(670)	(3,790)
Movement in restricted cash at bank	(2,074)	2,397
Net drawdown/(repayment) of term loans	4,416	(613)
Net drawdown/(repayment) of lease liabilities	14,136	(4,713)
Net drawdown of bank borrowings	13,611	5,449
Net cash generated from financing activities	26,416	39,244

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

	Unaudited Current Year-to- date 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM'000
Net increase in cash and cash equivalents	351	41,225
Cash and cash equivalents at beginning of the financial period	64,143	12,484
Cash and cash equivalents at end of the financial period	64,494	53,709
Cash and cash equivalents comprise of:		
Cash and bank balances	104,365	105,239
Other investment	6,048	-
Fixed deposits with financial institution	22,505	26,918
	132,918	132,157
Less: Bank overdrafts	(31,289)	(36,866)
Less: Pledged deposits with financial institution	(22,505)	(26,918)
Less: Restricted cash at bank	(14,630)	(14,644)
	64,494	53,709

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 2021 and the accompanying explanatory notes attached to this interim financial report.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A1. Basis of Preparation**

The interim financial report of Nestcon Berhad (“**Nestcon**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS No. 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021 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 2021, 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 2022:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 1 <i>Subsidiary as a First-Time Adopter</i>	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9 <i>Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment-Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts-Cost of Fulfilling a Contract</i>	1 January 2022
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 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 2021.

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

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

Information about operating segments has not been reported separately as the Group’s revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely building and infrastructure construction works.

The Group operates predominantly in Malaysia and hence, no geographical segment presented.

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 period 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 28 April 2022, the Company’s wholly-owned subsidiary, Nestcon Sustainable Solutions Sdn Bhd (“**Nestcon SS**”) had completed the acquisition of the entire equity interest in Central Solar Sdn Bhd, which was satisfied by the vendor, Main Way Venture Sdn Bhd effectively transferred the Sale Shares to Nestcon SS on 25 April 2022 and Nestcon SS had on 28 April 2022 fully paid the said sum of RM1,000,000 in accordance with the Share Sale Agreement dated 1 April 2022.

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 30.06.2022 RM’000	Audited As at 31.12.2021 RM’000
Performance guarantee for construction contracts customer	16,553	16,553
Bank guarantee given by licensed banks as security for performance bond	39,559	35,744

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 30.06.2022 RM’000	Audited As at 31.12.2021 RM’000
Property, plant and equipment Authorised and contracted for	9,413	17,579

A15. Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2022 RM’000	Unaudited Preceding Year Corresponding Quarter 30.06.2021 RM’000	Unaudited Current Year-to-date 30.06.2022 RM’000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM’000
Lease payment charged by a Director	19	19	39	39
Purchase of materials from a related party	-	356	-	680

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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**

With the reopening of economic sectors and a relative return to normalcy, the Group recorded higher revenue of RM105.11 million for the current financial quarter ended 30 June 2022 ("**2Q2022**") as compared to RM84.77 million in the preceding year's corresponding quarter ended 30 June 2021 ("**2Q2021**"). The 2Q2022 revenue was primarily contributed from our building division of RM62.60 million and civil engineering and infrastructure division of RM42.46 million, respectively.

The Group registered profit before tax ("**PBT**") of RM3.85 million in 2Q2022 as compared to RM2.08 million in 2Q2021. The increased in PBT was mainly attributable to higher revenue generated with lower gross margin from some of the existing contracts due to rising of raw material costs and labour costs for the current financial quarter under review.

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

For the current financial year-to-date ended 30 June 2022 ("**YTD 2Q2022**"), the Group recorded higher revenue of RM199.37 million, an increase of RM18.98 million or 10.52% from the preceding year's corresponding year-to-date ended 30 June 2021 ("**YTD 2Q2021**") of RM180.39 million. The increase in revenue was mainly due to higher level of construction activities for both building division and civil engineering and infrastructure division in YTD 2Q2022.

The Group posted lower PBT of RM6.67 million in YTD 2Q2022, a decrease of RM0.33 million from RM7.00 million in YTD 2Q2021. The performance of the Group was affected by the rising of raw material costs and labour costs.

B2. Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER		VARIANCE	
	Unaudited Current Quarter 30.06.2022 RM'000	Unaudited Preceding Quarter 31.03.2022 RM'000	RM'000	%
Revenue	105,109	94,263	10,846	11.51
Profit before tax (" PBT ")	3,845	2,827	1,018	36.01

The Group recorded revenue of RM105.11 million in 2Q2022 as compared to RM94.26 million in the immediate preceding quarter ended 31 March 2022 ("**1Q2022**"), an increase of RM10.85 million or 11.51% in 2Q2022. The increase in revenue was mainly due to higher level of construction activities for both building division and civil engineering and infrastructure division during the current financial quarter under review.

The Group registered a PBT of RM3.85 million in 2Q2022, an increase of RM1.02 million from RM2.83 million in 1Q2022. 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 for the Current Financial Year

As we move towards endemicity of the Covid-19 pandemic and with the reopening of markets and borders, there were signs of recovery in the economic activities in the first half of 2022. Moving ahead, several headwinds are expected to remain as a consequence of the continuing Russia-Ukraine conflict as well as the ongoing lockdowns in certain major cities in China. These events have caused further strain on global supply chains which have in turn led to higher commodity and raw material prices.

The operating environment is expected to remain highly competitive this year. The input costs for the construction sector remains a concern as a result of the increase in raw material prices, shortage of workers coupled with the implementation of new minimum wage policy which came into effect on 1 May 2022. This has set pressure on the Group, and the Group continues to monitor closely on the development of raw material prices, evaluate and adjust its pricing strategies when the need arises. The Group will leverage its operational efficiencies and cost saving initiatives so as to achieve a most satisfactory performance.

To ensure business sustainability and adaptability amidst the more challenging business environment, the Group will continue to emphasise on cost management and efficiency improvement across our operations. The Group is cautiously optimistic of the longer-term prospects of the construction sector, given the expected continuous implementation of various government measures and economic stimulus packages.

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.

B5. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2021 RM'000	Unaudited Current Year-to-date 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM'000
In respect of current period:				
Income tax ⁽¹⁾	1,131	1,072	2,370	2,304
Deferred tax	29	-	(152)	-
Income tax expense	1,160	1,072	2,218	2,304
Effective tax rate ⁽²⁾ (%)	30.17	51.56	33.24	32.91
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.

PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**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 ("**Proposed Private Placement**"). The Company had obtained approval from Bursa Securities via its letter dated 3 August 2022. The Proposed Private Placement may be implemented in multiple tranches, and is expected to be completed within six (6) months from the date of approval of Bursa Securities.

B7. Utilisation of Proceeds from IPO

As at 30 June 2022, the status of the utilisation of proceeds arising from IPO amounting to approximately RM45.07 million is stated in the following manner:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Estimated Timeframe for the Utilisation Upon Listing
Establish IBS facility for our building division	6,000	-	6,000	Within 24 months
Acquire machineries and equipment for our business expansion in the civil engineering and infrastructure division	6,615	(6,615)	-	Within 24 months
Upgrade software and systems	1,000	(1,000)	-	Within 12 months
Repayment of bank borrowings	16,500	(16,500)	-	Within 3 months
Working capital	10,953	(10,953)	-	Within 12 months
Estimated listing expenses	4,000	(4,000)	-	Within 1 month
Total	45,068	(39,068)	6,000	

From the date of listing of the Company on the ACE Market of Bursa Securities on 29 June 2021, the utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 8 June 2021.

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

	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
Current		
Term loans	1,860	612
Bank overdraft	31,289	27,746
Factoring payable	13,319	18,833
Invoice financing	4,408	7,977
Revolving credit	29,675	7,223
	<u>80,551</u>	<u>62,391</u>
Non-current		
Term loans	<u>5,959</u>	<u>2,549</u>

The bank borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

There were no material litigations involving the Group as at 30 June 2022.

B10. Dividend

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

B11. Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2021 RM'000	Unaudited Current Year-to-date 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM'000
Profit attributable to the Owners of the Company	2,766	1,007	4,535	4,696
Number of ordinary Shares (in thousand)	643,822	643,822	643,822	643,822
Basic ⁽¹⁾ /Diluted ⁽²⁾ EPS (sen)	<u>0.43</u>	<u>0.16</u>	<u>0.70</u>	<u>0.73</u>

Notes:

- (1) Basic EPS is calculated based on the Company's share capital of 643,822,000 ordinary shares (30 June 2021: 643,822,000 ordinary shares).
- (2) Diluted EPS of the Company for the individual quarter and cumulative quarter ended 30 June 2022 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

NESTCON BERHAD

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B12. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2021 RM'000	Unaudited Current Year-to-date 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.06.2021 RM'000
Depreciation of property, plant and equipment	3,712	3,061	7,113	6,118
Depreciation of investment properties	13	15	27	32
Rental of machineries	4,892	4,296	8,827	9,981
Rental of premises	53	48	119	95
Interest expense	1,741	1,428	3,222	2,764
Loss on remeasurement of lease liabilities	13	-	13	-
Gain on disposal of property, plant and equipment	(256)	(7)	(523)	(122)
Gain on disposal of investment property	-	(33)	-	(33)
Interest income	(202)	(170)	(419)	(347)

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 25 August 2022.

**BY ORDER OF THE BOARD
NESTCON BERHAD
25 AUGUST 2022**