



# **NESTCON BERHAD**

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

**Unaudited Interim Financial Report  
For the Third Quarter Ended  
30 September 2022**

**NESTCON BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Year Quarter 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2021 RM'000	Unaudited Current Year-to-date 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM'000
Revenue		117,558	70,588	316,930	250,978
Cost of sales		(115,123)	(66,899)	(298,819)	(231,701)
Gross profit		2,435	3,689	18,111	19,277
Other income		831	301	1,840	1,274
Administrative expenses		(2,972)	(2,092)	(9,736)	(8,857)
Other operating expenses		(71)	(24)	(98)	(56)
Profit from operations		223	1,874	10,117	11,638
Finance costs		(2,090)	(1,307)	(5,312)	(4,071)
<b>(Loss)/Profit before tax</b>	B12	<b>(1,867)</b>	<b>567</b>	<b>4,805</b>	<b>7,567</b>
Tax income/(expense)	B5	376	400	(1,842)	(1,904)
<b>(Loss)/Profit after tax/Total comprehensive (loss)/income for the financial period</b>		<b>(1,491)</b>	<b>967</b>	<b>2,963</b>	<b>5,663</b>
<b>(Loss)/Profit after tax/Total comprehensive (loss)/income for the financial period attributable to:</b>					
Owners of the Company		(1,412)	967	3,123	5,663
Non-controlling interest		(79)	-	(160)	-
		<b>(1,491)</b>	<b>967</b>	<b>2,963</b>	<b>5,663</b>
<b>(Loss)/Earnings Per Share attributable to Owners of the Company</b>					
Basic/Diluted <sup>(2)</sup> (sen)	B11	(0.21)	0.15	0.48	0.88

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup> (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 and diluted (loss)/earnings per share are calculated based on the Company's share capital of 656,822,000 ordinary shares (30 September 2021: 643,822,000 ordinary shares).

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION<sup>(1)</sup>**

	Note	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		79,471	59,959
Investment properties		2,513	2,554
Goodwill		1,076	-
Other investments		2,026	1,990
Deferred tax assets		-	568
Trade receivables		42,093	33,534
		127,179	98,605
<b>Current Assets</b>			
Trade receivables		83,551	80,305
Other receivables, deposits and prepayments		15,479	11,768
Contract assets		122,499	87,574
Inventories		1,907	-
Current tax assets		525	-
Other investments		2,063	15,064
Fixed deposit with financial institution		27,265	20,835
Cash and cash equivalents		87,629	89,382
		340,918	304,928
<b>TOTAL ASSETS</b>		<b>468,097</b>	<b>403,533</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		105,668	101,029
Merger reserve		(47,544)	(47,544)
Retained earnings		76,689	74,056
		134,813	127,541
Non-controlling interest		424	-
<b>Total equity</b>		<b>135,237</b>	<b>127,541</b>
<b>Non-Current Liabilities</b>			
Trade payables		17,109	14,197
Bank borrowings	B8	18,226	2,549
Lease liabilities		21,234	8,739
Deferred tax liabilities		1,822	2,068
		58,391	27,553
<b>Current Liabilities</b>			
Trade payables		157,586	156,965
Other payables and accruals		6,366	5,360
Contract liabilities		4,996	13,772
Bank borrowings	B8	95,188	62,391
Lease liabilities		10,333	9,180
Income tax payable		-	771
		274,469	248,439
<b>Total Liabilities</b>		<b>332,860</b>	<b>275,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>468,097</b>	<b>403,533</b>
<b>NET ASSETS PER SHARE (RM)<sup>(2)</sup></b>		<b>0.21</b>	<b>0.20</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION<sup>(1)</sup>  
(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 September 2022 of 656,822,000 shares (31 December 2021: 643,822,000 shares).

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY<sup>(1)</sup>**

	<b>Attributable to Owners of the Company</b>			<b>Total Equity RM'000</b>
	<b>Non-distributable</b>		<b>Distributable</b>	
	<b>Share capital RM'000</b>	<b>Merger reserves RM'000</b>	<b>Retained earnings RM'000</b>	
<b>Balance as at 1 January 2021 (Audited)</b>	10,400	-	61,845	72,245
<b><i>Contributions by and distribution to owners of the Company</i></b>				
- 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	-	-	5,663	5,663
<b>Balance as at 30 September 2021 (Unaudited)</b>	101,029	(47,544)	67,508	120,993

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY<sup>(1)</sup> (CONTINUED)**

	Attributable to Owners of the Company			Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
	Non-distributable	Distributable				
	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000			
<b>Balance as at 1 January 2022 (Audited)</b>	101,029	(47,544)	74,056	127,541	-	127,541
<b><i>Contributions by and distribution to owners of the Company</i></b>						
- Issuance of shares	4,680	-	-	4,680	-	4,680
- Share issuance expenses	(41)	-	-	(41)	-	(41)
- 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	-
	4,639	-	(490)	4,149	584	4,733
Total comprehensive income/(loss) for the financial period	-	-	3,123	3,123	(160)	2,963
<b>Balance as at 30 September 2022 (Unaudited)</b>	<b>105,668</b>	<b>(47,544)</b>	<b>76,689</b>	<b>134,813</b>	<b>424</b>	<b>135,237</b>

**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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS<sup>(1)</sup>**

	<b>Unaudited Current Year-to-date 30.09.2022 RM'000</b>	<b>Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	4,805	7,567
Adjustments for:		
Depreciation of property, plant and equipment	10,888	9,206
Depreciation of investment properties	41	46
Gain on disposal of property, plant and equipment	(1,052)	(122)
Gain on disposal of investment property	-	(33)
Loss/(Gain) on remeasurement of lease liabilities	19	(1)
Interest expenses	5,312	4,071
Interest income	(647)	(624)
Property, plant and equipment written off	-	11
<b>Operating profit before changes in working capital</b>	<b>19,366</b>	<b>20,121</b>
Increase in inventories	(1,517)	-
(Increase)/Decrease in trade and other receivables	(14,270)	19,408
Increase/(Decrease) in trade and other payables	2,926	(2,154)
Increase in contract assets	(34,925)	(25,748)
Decrease in contract liabilities	(8,776)	(14,071)
<b>Cash used in operations</b>	<b>(37,196)</b>	<b>(2,444)</b>
Interest received	272	213
Income tax paid	(3,021)	(3,309)
Income tax refunded	-	1,303
<b>Net cash used in operating activities</b>	<b>(39,945)</b>	<b>(4,237)</b>
<b>Cash Flows From Investing Activities</b>		
Addition of other investments	(36)	(37)
Interest received	37	41
Acquisition of a subsidiary, net of cash acquired	(1,840)	-
Proceeds from disposal of property, plant and equipment	2,058	528
Proceeds from disposal of investment property	-	680
Purchase of property, plant and equipment	(31,384)	(5,463)
<b>Net cash used in investing activities</b>	<b>(31,165)</b>	<b>(4,251)</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS<sup>(1)</sup> (CONTINUED)**

	<b>Unaudited Current Year-to-date 30.09.2022 RM'000</b>	<b>Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(5,312)	(4,071)
Interest received	338	370
Proceeds from issuance of ordinary shares	4,680	45,068
Payment of share issuance expenses	(41)	(1,983)
Placement of pledged deposits with financial institution	(5,430)	(3,187)
Movement in restricted cash at bank	(3,891)	5,587
Net drawdown/(repayment) of term loans	22,206	(746)
Net drawdown/(repayment) of lease liabilities	13,648	(5,971)
Net drawdown of bank borrowings	23,888	13,353
<b>Net cash generated from financing activities</b>	<b>50,086</b>	<b>48,420</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21,024)</b>	<b>39,932</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>64,143</b>	<b>12,484</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>43,119</b>	<b>52,416</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	87,629	86,927
Other investment	2,063	-
Fixed deposits with financial institution	27,265	26,315
	116,957	113,242
Less: Bank overdrafts	(30,125)	(23,037)
Less: Pledged deposits with financial institution	(27,265)	(26,315)
Less: Restricted cash at bank	(16,448)	(11,474)
	<b>43,119</b>	<b>52,416</b>

**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.

**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:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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**

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.

<b>Unaudited Current Year Quarter 30.09.2022<sup>(1)</sup></b>	<b>Building and Infrastructure RM’000</b>	<b>Renewable Energy RM’000</b>	<b>Total RM’000</b>
<b>Revenue</b>	114,180	3,378	117,558
<b>Results</b>			
Depreciation of property, plant and equipment			(3,775)
Depreciation of investment properties			(14)
Interest expenses			(2,090)
Interest income			228
Gain on disposal of property, plant and equipment			528
Other income			75
Unallocated expenses			(114,377)
<b>Loss before tax</b>			<b>(1,867)</b>
Income tax expense			376
<b>Loss after tax</b>			<b>(1,491)</b>

**PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)****A9. Segment Information (Continued)**

<b>Unaudited Current Year-to-date 30.09.2022<sup>(1)</sup></b>	<b>Building and Infrastructure RM’000</b>	<b>Renewable Energy RM’000</b>	<b>Total RM’000</b>
<b>Revenue</b>	313,507	3,423	316,930
<b>Results</b>			
Depreciation of property, plant and equipment			(10,888)
Depreciation of investment properties			(41)
Interest expenses			(5,312)
Interest income			647
Gain on disposal of property, plant and equipment			1,052
Other income			141
Unallocated expenses			(297,724)
<b>Profit before tax</b>			<b>4,805</b>
Income tax expense			(1,842)
<b>Profit after tax</b>			<b>2,963</b>

**Notes:**

- (1) There are no comparative figures for the preceding year’s corresponding quarter and preceding year’s corresponding year-to-date as the Group’s revenue, profit or loss, assets and liabilities were mainly confined to a single operating segment, namely building and infrastructure construction works.

**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 3 October 2022, the Company’s wholly-owned subsidiary, Nestcon Infra Sdn Bhd coupled with KSJ Infra (Sarawak) Sdn Bhd incorporated a subsidiary, Nestcon KSJ Ventures Sdn Bhd (“**Nestcon KSJ**”) with a paid-up capital of RM50,000, representing 51% and 49% equity interest, respectively. Nestcon KSJ is principally engaged in construction works.

**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.

	<b>Unaudited As at 30.09.2022 RM’000</b>	<b>Audited As at 31.12.2021 RM’000</b>
Performance guarantee for construction contracts customer	16,553	16,553
Bank guarantee given by licensed banks as security for performance bond	<u>29,211</u>	<u>35,744</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.

	<b>Unaudited As at 30.09.2022 RM’000</b>	<b>Audited As at 31.12.2021 RM’000</b>
<b>Property, plant and equipment</b> Authorised and contracted for	<u>10,331</u>	<u>17,579</u>

**A15. Related Party Transactions**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Unaudited Current Year Quarter 30.09.2022 RM’000</b>	<b>Unaudited Preceding Year Corresponding Quarter 30.09.2021 RM’000</b>	<b>Unaudited Current Year-to-date 30.09.2022 RM’000</b>	<b>Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM’000</b>
Lease payment charged by a Director	20	20	59	59
Purchase of materials from a related party	<u>-</u>	<u>42</u>	<u>-</u>	<u>722</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 September 2022 (“**3Q2022**”), the Group recorded higher revenue of RM117.56 million as compared to RM70.59 million in the preceding year’s corresponding quarter ended 30 September 2021 (“**3Q2021**”). The 3Q2022 revenue was primarily contributed from our building division of RM66.00 million, civil engineering and infrastructure division of RM48.18 million and renewable energy division of RM3.38 million, respectively.

The Group registered a loss before tax (“**LBT**”) of RM1.87 million in 3Q2022 as compared to a profit before tax (“**PBT**”) of RM0.57 million in 3Q2021. The decreased in PBT was mainly due to the revised of budgeted costs for some of the existing contracts resulting from the rising of raw material costs as well as the new minimum wage implementation.

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

For the current financial year-to-date ended 30 September 2022 (“**YTD 3Q2022**”), the Group recorded higher revenue of RM316.93 million, an increase of RM65.95 million or 26.28% from the preceding year’s corresponding year-to-date ended 30 September 2021 (“**YTD 3Q2021**”) of RM250.98 million. The increase in revenue was mainly due to higher level of construction activities and commencement of new contracts for both building division and civil engineering and infrastructure division in YTD 3Q2022.

PBT has decreased by RM2.76 million to RM4.81 million in YTD 3Q2022 from RM7.57 million in YTD 3Q2021. The performance of the Group was affected by higher operating costs due to rising of raw material costs and new minimum wage implementation.

**B2. Comparison with Immediate Preceding Quarter’s Results**

	INDIVIDUAL QUARTER		VARIANCE	
	Unaudited Current Quarter 30.09.2022 RM’000	Unaudited Preceding Quarter 30.06.2022 RM’000	RM’000	%
Revenue	117,558	105,109	12,449	11.84
(Loss)/Profit before tax	(1,867)	3,845	(5,712)	(148.56)

The Group recorded revenue of RM117.56 million in 3Q2022 as compared to RM105.11 million in the immediate preceding quarter ended 30 June 2022 (“**2Q2022**”), an increase of RM12.45 million or 11.84% in 3Q2022. The increase in revenue was mainly due to higher level of construction activities and commencement of new contracts for both building division and civil engineering and infrastructure division during the current financial quarter under review.

The Group registered a LBT of RM1.87 million in 3Q2022, a decrease of RM5.71 million from PBT of RM3.84 million in 2Q2022. The decrease in PBT was mainly due to higher operating costs resulting from the rising of raw material costs as well as the new minimum wage implementation.

**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**

Given the challenging business environment considering the on-going geopolitical tensions, worsening global inflation and rising interest rates as well as China's zero-covid policy, it continues to remain volatile and uncertain as we move into the final quarter of the year.

Nevertheless, the Group will remain vigilant to ride through these waves of unpredictable developments by undertaking necessary prudent approaches to manage the risk and take proactive steps in mitigating the adverse impacts of rising construction costs due to the escalating cost of building materials and labour as well as operating cost, thus, ensuring stability of its financial position and business operations. On a much brighter note, the Group had obtained approval from relevant government authorities on the intake of foreign labour to address the prolonged labour shortages issues and there are also signs of improvement on the supply chain where prices of some building materials have either stabilised or moderated. The Group will continue to leverage on its competitive strength to tackle these challenges.

Barring unforeseen circumstances, the Group is cautious of its performance for the financial year ending 31 December 2022. However, the Group is cautiously optimistic of the longer-term prospects for the construction sector.

**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. Tax (Income)/Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2021 RM'000	Unaudited Current Year-to-date 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM'000
<b>In respect of current period:</b>				
Tax (income)/expense <sup>(1)</sup>	(849)	94	1,521	2,398
Deferred tax	473	(494)	321	(494)
Tax (income)/expense	<u>(376)</u>	<u>(400)</u>	<u>1,842</u>	<u>1,904</u>
Effective tax rate (%)	N/A <sup>(2)</sup>	(70.55)	38.34 <sup>(3)</sup>	25.16
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 is not applicable due to loss before taxation.
- (3) The effective tax rate of the Group for the current financial year-to-date was higher than the statutory tax rate mainly due to certain non-deductible expenses for tax purposes and derecognition of deferred tax asset which was recognised previously.

**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, to independent third-party investors to be identified and at an issue price to be determined later ("**Placement Shares**"). The Company had obtained approval from Bursa Securities via its letter dated 3 August 2022.

On 14 September 2022, the Board of the Company fixed the issue price for the first tranche of Placement Shares at RM0.36 per Placement Share ("**Issue Price**"). The Issue Price represents a discount of approximately RM0.032 or 8.2% from the 5-days volume weighted average market price of Nestcon Shares from 7 September 2022 to 13 September 2022, being the market day immediately preceding to the price-fixing date of approximately RM0.3920 per Nestcon Share.

On 29 September 2022, 13,000,000 Placement Shares were listed and quoted on the ACE Market of Bursa Securities.

**B7. Utilisation of Proceeds****(a) Initial Public Offering ("IPO")**

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

<b>Details of Utilisation</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Unutilised Amount RM'000</b>	<b>Estimated Timeframe for the Utilisation Upon Listing</b>
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
<b>Total</b>	<b>45,068</b>	<b>(39,068)</b>	<b>6,000</b>	

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.



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

As at 30 September 2022, the status of the utilisation of proceeds arising from the first tranche of private placement is as follows:

<b>Details of Utilisation</b>	<b>Proceeds Raised RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Unutilised Amount RM'000</b>	<b>Intended Timeframe for the Utilisation</b>
Building, civil engineering, and infrastructure segments:				
• Rental of machineries and equipment	-	-	-	Within 12 months
• Purchase of reinforcement steel	4,639	-	4,639	
• Payment to subcontractors	-	-	-	
Purchase of solar panels for renewable energy segment	-	-	-	Within 12 months
Estimated expenses for the Proposed Private Placement	41	(41)	-	Within 1 month
<b>Total</b>	<b>4,680</b>	<b>(41)</b>	<b>4,639</b>	

The utilisation of proceeds disclosed above should be read in conjunction with the announcement of the Proposed Private Placement dated 13 July 2022.

**B8. Bank Borrowings**

	<b>Unaudited As at 30.09.2022 RM'000</b>	<b>Audited As at 31.12.2021 RM'000</b>
<b>Current</b>		
Term loans	7,142	612
Bank overdraft	30,125	27,746
Factoring payable	1,426	18,833
Invoice financing	35,441	7,977
Revolving credit	21,054	7,223
	<u>95,188</u>	<u>62,391</u>
<b>Non-current</b>		
Term loans	<u>18,226</u>	<u>2,549</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 September 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 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2021 RM'000	Unaudited Current Year-to-date 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM'000
(Loss)/Profit attributable to the Owners of the Company	(1,412)	967	3,123	5,663
Number of ordinary Shares (in thousand)	656,822	643,822	656,822	643,822
Basic <sup>(1)</sup> /Diluted <sup>(2)</sup> EPS (sen)	<u>(0.21)</u>	<u>0.15</u>	<u>0.48</u>	<u>0.88</u>

**Notes:**

- (1) Basic EPS is calculated based on the Company's share capital of 656,822,000 ordinary shares (30 September 2021: 643,822,000 ordinary shares).
- (2) Diluted EPS of the Company for the individual quarter and cumulative quarter ended 30 September 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.

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**NESTCON BERHAD**

Registration No. 202001008684 (1365004-W)

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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 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2021 RM'000	Unaudited Current Year-to-date 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2021 RM'000
Depreciation of property, plant and equipment	3,775	3,088	10,888	9,206
Depreciation of investment properties	14	14	41	46
Property, plant and equipment written off	-	11	-	11
Rental of machineries	6,559	3,278	15,386	13,259
Rental of premises	39	52	158	147
Interest expenses	2,090	1,307	5,312	4,071
Loss/(Gain) on remeasurement of lease liabilities	6	(1)	19	(1)
Gain on disposal of property, plant and equipment	(528)	-	(1,052)	(122)
Gain on disposal of investment property	-	-	-	(33)
Interest income	(228)	(277)	(647)	(624)

**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 24 November 2022.

**BY ORDER OF THE BOARD  
NESTCON BERHAD  
24 NOVEMBER 2022**