



MN HOLDINGS BERHAD

Registration No.: 202001038774 (1395095-M)

**Interim Financial Report
For the Quarter and Year-to-date Ended
31 March 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.3.2022	31.3.2021 ⁽²⁾	31.3.2022	31.3.2021 ⁽²⁾
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	29,108	N/A	78,875	N/A
Cost of sales		(23,537)	N/A	(60,930)	N/A
Gross profit ("GP")		5,571	N/A	17,945	N/A
Other income		338	N/A	1,014	N/A
Administrative expenses		(2,346)	N/A	(6,620)	N/A
Net impairment losses on financial assets and contract assets		(355)	N/A	(1,155)	N/A
Other expenses		(619)	N/A	(2,217)	N/A
Profit from Operations		2,589	N/A	8,967	N/A
Finance costs		(42)	N/A	(210)	N/A
Profit before tax ("PBT")	B12	2,547	N/A	8,757	N/A
Taxation	B6	(659)	N/A	(2,199)	N/A
Profit after tax/Total comprehensive income ("PAT")		1,888	N/A	6,558	N/A
Profit after tax/Total comprehensive income attributable to:					
• Owners of the Company		1,888	N/A	6,558	N/A
• Non-controlling interests		-	N/A	-	N/A
		<u>1,888</u>	<u>N/A</u>	<u>6,558</u>	<u>N/A</u>
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽³⁾	B11	0.58	N/A	2.01	N/A
• Diluted (sen) ⁽⁴⁾	B11	0.46	N/A	1.60	N/A

Notes:

N/A – Not applicable

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 21 March 2022 included in the prospectus of MN Holdings Berhad ("MN" or "Company") dated 8 April 2022 ("Prospectus") and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"). There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (3) Basic earnings per share is calculated based on the Company's share capital of 327,000,000 shares in issue as at 31 March 2022, after issuance of shares to the acquisition of Mutu Nusantara Sdn Bhd ("MNSB") and MN Power Transmission Sdn Bhd ("MPTS B") and before the initial public offering ("IPO") referred to Note A7 below.
- (4) Diluted earnings per share of the Company is calculated based on assumed number of shares in issue pursuant to the completion of the IPO, which is 408,750,000 shares as disclosed in Note A11. There are no dilutive instruments at the end of 31 March 2022. .

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	UNAUDITED	AUDITED
	As at	As at
	31.3.2022	30.6.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,033	2,141
Right-of-use assets	5,068	5,408
Investment properties	616	627
Deferred tax assets	2,073	1,712
Total non-current assets	8,790	9,888
Current Assets		
Trade and other receivables	34,413	38,369
Contract assets	60,029	49,063
Current tax assets	-	202
Cash and cash equivalents	6,282	11,258
Total current assets	100,724	98,892
TOTAL ASSETS	109,514	108,780
EQUITY AND LIABILITIES		
Equity		
Share capital	32,700	1,750
Merger deficit	(30,950)	-
Retained earnings	44,056	37,498
Total equity attributable to owners of the Group	45,806	39,248
Liabilities		
Non-current liabilities		
Lease liabilities	1,385	1,893
Loans and borrowings	1,898	2,256
Total non-current liabilities	3,283	4,149
Current liabilities		
Trade and other payables	40,477	43,573
Contract liabilities	12,888	12,380
Loans and borrowings	3,214	4,897
Lease liabilities	1,470	2,255
Current tax liabilities	2,376	2,278
Total current liabilities	60,425	65,383
TOTAL LIABILITIES	63,708	69,532
TOTAL EQUITY AND LIABILITIES	109,514	108,780
Number of shares in issue ('000) before Public Issue⁽²⁾	327,000	327,000
NET ASSETS PER SHARE (RM)⁽²⁾	0.14	0.12



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 21 March 2022 included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's share capital of 327,000,000 shares in issue as at 31 March 2022, after issuance of shares to the acquisition of MNSB and MPTSB, referred to Note A7 below.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾

	Share Capital RM'000	Invested Equity RM'000	Merger Equity RM'000	Retained Earnings RM'000	Total Equity RM'000
As at 1 July 2021 (Audited)	-	1,750	-	37,498	39,248
Profit after tax/Total comprehensive income	-			6,558	6,558
Transaction with owners:					
- Issuance of shares pursuant to acquisition of subsidiary companies	32,700	(1,750)	(30,950)	-	-
	32,700	(1,750)	(30,950)	-	-
As at 31 March 2022 (Unaudited)	32,700	-	(30,950)	44,056	45,806

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 21 March 2022 included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative financial period concerned.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE ENDED	
	31.3.2022 RM'000	31.3.2021 ⁽²⁾ RM'000
Cash Flows From Operating Activities		
Profit before tax	8,757	N/A
Adjustments for:		
Net impairment losses on financial assets and contract assets	1,155	N/A
Depreciation of property, plant and equipment	1,089	N/A
Depreciation of right-of-use assets	1,108	N/A
Depreciation of investment properties	11	N/A
Finance income	(21)	N/A
Finance costs	210	N/A
Operating profit before working capital changes	12,309	N/A
Changes in working capital		
Change in trade and other receivables and prepayments	3,246	N/A
Change in trade and other payables	(3,096)	N/A
Change in contract assets	(11,411)	N/A
Change in contract liabilities	508	N/A
Cash from operations	1,556	N/A
Income tax paid	(2,263)	N/A
Interest paid	(210)	N/A
Net cash used in operating activities	(917)	N/A
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(470)	N/A
Interest income received	21	N/A
Net cash used in investing activities	(449)	N/A
Cash Flows From Financing Activities		
Change in deposits pledged	(274)	N/A
Net repayment of loans and borrowings	(2,041)	N/A
Net repayment of lease liabilities	(1,569)	N/A
Net cash used in financing activities	(3,884)	N/A
Net decrease in cash and cash equivalents	(5,250)	N/A
Cash and cash equivalents at the beginning of the financial period	8,353	N/A
Cash and cash equivalents at the end of the financial period	3,103	N/A


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

	YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021⁽²⁾
	RM'000	RM'000
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	3,179	N/A
Less: Pledged deposits	(3,179)	N/A
	-	N/A
Cash and bank balances	3,103	N/A
	3,103	N/A
Cash and cash equivalents in the consolidated statement of cash flows	3,103	N/A

Notes:

N/A – Not applicable

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 21 March 2022 included in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding year-to-date as no interim financial report was prepared for the comparative financial period concerned.

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NOTES TO THE INTERIM FINANCIAL REPORT
A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING**A1. Basis of preparation**

The interim financial report of MN and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements.

This is the second interim financial report on the Company’s unaudited condensed consolidated financial results for the quarter and year-to-date ended 31 March 2022 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report dated 21 March 2022 as disclosed in the Prospectus dated 8 April 2022 and the accompanying notes attached to this interim financial report.

A2. Summary of 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 as disclosed in the Accountants’ Report dated 21 March 2022 included in the Prospectus of the Company dated 8 April 2022.

	Effective dates for financial periods beginning on or after
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A2. Summary of Significant Accounting Policies (Cont'd)

Standards issued but not yet effective

	Effective dates for financial periods beginning on or after
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimate	1 January 2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A3. Auditors' report on preceding annual financial statements

MN was incorporated under the Companies Act, 2016 on 26 November 2020 as a public limited company. The Company completed the acquisition of its subsidiaries, MNSB and MPTSB on 26 January 2022.

There was no auditors' report on the Group for preceding annual financial statements. However, the auditors' report for the financial year ended 30 June 2021 of the Company, MNSB and MPTSB were not subject to any qualification. The preceding audited financial statements are prepared based on combination or aggregation of all of the audited financial statements of respective companies of the Group.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by seasonal and cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date.

A6. Material changes in estimates

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter under review.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A7. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current financial quarter under review.

On 26 January 2022, the Company had completed the acquisition of the entire issued share capital in the following companies:

- (a) Acquisition of the entire equity interest in MNSB comprising 1,000,000 ordinary shares for a purchase consideration of RM25,969,999.80, satisfied by the issuance of 259,699,998 ordinary shares of the Company at an issue price of RM0.10 per share; and
- (b) Acquisition of the entire equity interest in MPTSB comprising 750,000 ordinary shares for a purchase consideration of RM6,730,000, satisfied by the issuance of 67,300,000 ordinary shares of the Company at an issue price of RM0.10 per share.

On 8 April 2022, MN issued its Prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken an IPO comprising:-

- (i) Public issue of 81,750,000 new ordinary shares in the Company at an issue price of RM0.21 per share ("**IPO Price**") allocated in the following manner:-
 - 20,437,600 new shares available for application by the Malaysian Public;
 - 8,175,000 new shares available for application by the eligible directors and employees who have contributed to the success of the Group;
 - 2,043,600 new shares by way of private placement to selected investors; and
 - 51,093,800 new shares by way of private placement to identified Bumiputera investors approved by Ministry of International Trade and Industry, Malaysia.

and

- (ii) Offer for sale of 40,875,000 existing shares by way of private placement to selected investors at the IPO Price.

A8. Dividend

The Company does not have any formal dividend policy. No dividend has been declared or recommended for payment by the Board of Directors of the Company during the financial period under review.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A9. Segmental information

No geographical segment information is presented as the Group's revenue and profit or loss are confined within Malaysia.

The Group's product and services segment information for the quarter and year-to-date ended 31 March 2022 is as follows:

Analysis of revenue by business segments

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021 ⁽¹⁾	31.3.2022	31.3.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Underground utilities engineering	21,144	N/A	59,511	N/A
Substation engineering	7,964	N/A	19,364	N/A
Total	29,108	N/A	78,875	N/A

Analysis of revenue by customers' industry

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021 ⁽¹⁾	31.3.2022	31.3.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Power	29,058	N/A	78,343	N/A
Gas	50	N/A	794	N/A
Sewerage ⁽²⁾	-	N/A	(262)	N/A
Total	29,108	N/A	78,875	N/A

Notes:

- (1) This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (2) Following the variation of contract sum of 2 contracts as a result of project scope revision as agreed with customers, a re-measurement of the work performed was carried out subsequent to the variation of contracts sum where excess portion of revenue recognised previously was reversed out.

N/A – Not applicable

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A11. Material events subsequent to the end of the current financial quarter

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

(i) Public issue of 81,750,000 new ordinary shares in the Company at an issue price of RM0.21 per share (“**IPO Price**”) allocated in the following manner:-

- 20,437,600 new shares available for application by the Malaysian Public;
- 8,175,000 new shares available for application by the eligible directors and employees of our Group;
- 2,043,600 new shares by way of private placement to selected investors; and
- 51,093,800 new shares by way of private placement to identified Bumiputera investors approved by Ministry of International Trade and Industry, Malaysia.

and

(ii) Offer for sale of 40,875,000 existing shares by way of private placement to selected investors at the IPO Price.

On 28 April 2022, the Company has successfully listed its entire issued share capital comprising 408,750,000 shares on the ACE Market of Bursa Securities.

A12. Changes in the composition of the Group

Save as disclosed in A7, there were no material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

Save as contingent liabilities disclosed below, there were no contingent assets as at the date of this interim financial report:

	UNAUDITED	AUDITED
	As at	As at
	31.3.2022	30.6.2021
	RM'000	RM'000
Performance guarantee extended to third parties	4,073	3,357

A14. Capital commitments

There were no material commitments during the current financial quarter under review.


A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)
A15. Related party transactions

Save as disclosed below, there were no other material related party transactions during the financial quarter under review:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021 ⁽¹⁾	31.3.2022	31.3.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Rental paid or payable to a director	19	N/A	56	N/A

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

(a) Results for current quarter

The Group recorded revenue of RM29.11 million for the current financial quarter ended 31 March 2022 (“3Q2022”).

The Group’s revenue was principally derived from the underground utilities engineering segment, contributing approximately 72.64% of the total revenue in 3Q2022.

The Group registered a PBT and PAT of RM2.55 million and RM1.89 million, respectively, in the current financial quarter under review.

(b) Results for financial year-to-date

The Group recorded revenue of RM78.88 million for the financial year-to-date ended 31 March 2022.

The Group’s revenue was principally derived from the underground utilities engineering segment, contributing approximately 75.45% of the total revenue for the year-to-date financial ended 31 March 2022.

The Group registered a PBT and PAT of RM8.76 million and RM6.56 million, respectively, in the year-to-date ended 31 March 2022.

There are no comparative figures for the preceding year as this is the second interim financial report being announced by the Group in compliance with the Listing Requirements.

B2. Comparison with immediate preceding quarter’s results

	QUARTER ENDED		Variance	
	31.3.2022	31.12.2021	RM’000	%
Revenue	29,108	26,074	3,034	11.64
Profit before tax (“PBT”)	2,547	3,886	(1,339)	(34.46)

The Group recorded revenue of RM29.11 million in 3Q2022 as compared to RM26.07 million in the preceding quarter ended 31 December 2021 (“2Q2022”), an increase of RM3.03 million in 3Q2022. The increase in revenue was mainly due to higher level of construction activities and commencement of new contracts in 3Q2022.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B2. Comparison with immediate preceding quarter's results (Cont'd)**

The Group registered a PBT of RM2.55 million in 3Q2022, a decrease of RM1.34 million from RM3.89 million in 2Q2022. The decrease was mainly attributable to commencement of projects with lower profit margin as a result of competitive bidding strategy, and had substantial completion of 2 higher profit margin projects in 2Q2022.

B3. Prospects and outlook

As disclosed in the Prospectus dated 8 April 2022, the outlook for the industry remains positive, in light of the economic growth as well as investments in utilities infrastructure in Malaysia which are driven by the following:-

- (i) The power utilities infrastructure market in Malaysia, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, rose from RM5.74 billion in 2016 to RM10.30 billion in 2021 at a CAGR of 12.40%;
- (ii) The power utilities infrastructure market in Peninsular Malaysia and Sabah, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, rose from RM5.44 billion in 2016 to RM7.30 billion in 2021 at a CAGR of 6.10%;
- (iii) Between 2022 and 2024, an estimated of RM20.0 billion will be allocated in capital expenditure for recurring electricity generation, transmission and distribution in Peninsular Malaysia and Sabah;
- (iv) Malaysia recorded a total of RM306.5 billion worth of approved foreign and domestic investments in the manufacturing, services and primary sector in 2021 across 4,564 projects, which such investments are important contributors for the country's economic growth. As such, investment in infrastructure and properties are crucial to support the investment prospect of Malaysia; and
- (v) Malaysia renewable energy generation targets create opportunities for investment in power utility infrastructure.

The Group has successfully awarded with one underground utilities project and two substations engineering projects involving extension, asset replacement and refurbishment works with total contract value of approximately RM32.5 million in April 2022.

Moving forward to the end of the financial year, the Group expects a steady growth in line with the above-mentioned factors. On the back of its track record, the Group will continue to enhance its order book through tenders, submission of private initiative proposals and business collaboration or acquisition.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)
B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Status of corporate proposals

Save as disclosed in A11, there were no corporate proposals announced but not completed as at the date of this interim financial report.

B6. Income tax expenses

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021 ⁽¹⁾	31.3.2022	31.3.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current tax expense ⁽²⁾	570	N/A	2,339	N/A
Deferred tax expense	(85)	N/A	(314)	N/A
Total tax expense	485	N/A	2,025	N/A
Effective tax rate (%) ⁽³⁾	26.62	N/A	25.21	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

N/A – Not applicable

- (1) This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.
- (2) Income tax expense is recognised based on management's best estimate.
- (3) The effective tax rate of the Group for the current quarter and year-to-date under review was higher than the statutory tax rate of 24% mainly due to the non-deductibility of certain expenses for tax purposes.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)
B7. Utilisation of proceeds from the IPO

The gross proceeds raised from the IPO amounted to RM17.17 million. As at the date of this interim financial report, the utilisation of proceeds from IPO is as follows:-

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Estimated timeframe for utilisation upon listing
Purchase of machinery and equipment	5,840	N/A	Within 24 months
Repayment of bank borrowings	3,995	N/A	Within 12 months
General working capital	4,333	3,401	Within 24 months
Estimated listing expenses	3,000	3,000	Within 1 months
	17,168	6,401	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 8 April 2022.

Note:

N/A – Not applicable

B8. Bank borrowings

The Group's bank borrowings were as follows:

	UNAUDITED As at 31.3.2022 RM'000	AUDITED As at 30.6.2021 RM'000
Current:		
Lease liabilities	1,470	2,255
Term loans	505	763
Banker acceptances	2,057	2,490
Trust receipts	652	1,644
	4,684	7,152
Non-current:		
Lease liabilities	1,385	1,893
Term loans	1,898	2,256
	3,283	4,149
Total bank borrowings	7,967	11,301

All the Group's borrowings are secured and denominated in Ringgit Malaysia.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B9. Material litigation**

Save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect the Group's position or business at this juncture.

(i) Malacca Sessions Court Suit No. MA-B52NCVC-21-09/2119): MNSB v. Montane Construction Sdn Bhd ("Montane")

MNSB had on 17 September 2019 commenced a legal suit against Montane. On 11 February 2020, the sessions court had allowed MNSB's summary judgement application against Montane ("Judgement") for the sum of RM964,422.29 being the outstanding payment owing to MNSB for work done by MNSB for Montane, together with interest of 5% calculated from 17 September 2019 until full settlement and cost of RM3,000.00 ("Judgement Sum"). An impairment of RM628,383.79 and RM336,038.50 have been provided for the outstanding payment owing to MNSB in FYE 2018 and FYE 2019, respectively. No application for appeal was submitted by Montane.

Following a winding up petition filed by one of its creditors, Montane was wound up pursuant to a Court Order dated 4 March 2021. The Group has filed a proof of debt to the Official Receiver as a creditor and presently, a private liquidator for Montane is in the midst of being appointed. There is still no update on the appointment of private liquidator.

(ii) Letter dated 8 December 2020 issued by Telekom Malaysia Berhad ("Telekom") to MNSB

MNSB has received a letter dated 8 December 2020 from Telekom notifying that a police report has been lodged for damage caused to Telekom's optic cables and PVC ductway in Proton City, Perak, as a result of MNSB's drilling activities on 2 November 2020. Presently, MNSB is in talks with Telekom to provide rectification works. At this juncture, no further legal action has been taken by Telekom against MNSB and ongoing communication is taking place to address the issue. The expected costs to be incurred for the rectification works are estimated to be RM0.12 million. No provision has been made for the expected costs to be incurred. The Board is of the view that the Settlement Sum did not have a material impact to the Group.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B9. Material litigation (Cont'd)****(iii) Bandar Baru Bangi Sessions Court (Suit No. BI-A52NCvC-16-05/2021): Telekom v. MNSB**

On 20 May 2021, MNSB had been served with a writ summons and statement of claim from Telekom, claiming for RM178,942.55 for failing to rectify the damage caused by MNSB's drilling activities to underground pipes and cables owned by Telekom near Pejabat Daerah Hulu Langat in Bangi, Selangor. The parties have subsequently reached a settlement with MNSB agreed to pay the sum of RM178,942.55 ("Settlement Sum") as full and final settlement and this suit has been withdrawn by Telekom on 16 July 2021. The Settlement Sum shall be settled by way of 9 instalment payments for a period of 9 months starting from June 2021 to February 2022 via post-dated cheques, which have all been delivered to Telekom. The Settlement Sum has been fully recognised in FPE 2022 (RM20,000.00 in FYE 2021; and RM158,942.55 in FPE 2022).

(iv) Malacca Magistrate's Court Suit No. MA-A73KJ-108-01/2022: Ong Kuang Lim v Md Amir Hossain & MNSB

On 4 February 2022, MNSB (as the second defendant) had received a writ and statement of claim from the Ong Kuang Lim's (plaintiff) solicitors claiming that Md Amir Hossain (first defendant) had caused a road accident while driving a forklift which injured the plaintiff. The basis of the plaintiff's claim against MNSB as the second defendant is, inter alia, that MNSB as the employer of the first defendant should be held vicariously liable for the road accident caused by the first defendant.

The reliefs sought by the plaintiff are for special damages, as well as general damages to be assessed by Court and as such, at this juncture, the aggregate quantum of damages sought by the plaintiff cannot be quantified. In any event, the lawyers handling this case has expressed their views in writing that the maximum exposure of liability of MNSB will be in the region of RM25,000 to RM30,000, based on the letter of demand issued by the plaintiff's solicitors on 5 February 2021 demanding for a sum of RM25,000 and 10% percent of the sum as costs.

The claim against MNSB as the second defendant is rooted on the premise that the first defendant was performing his duties as an employee at the time of the accident and as such, MNSB as his employer should be held vicariously liable for the actions of the first defendant. However, MNSB confirms that the first defendant was not under the employment of MNSB at the material time and on that basis, based on the legal opinion from the lawyers handling the case, they are of the opinion that since the first defendant was not under the employment of MNSB, MNSB has a good chance of defending against the plaintiff's claim.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B9. Material litigation (Cont'd)

(iv) Malacca Magistrate's Court Suit No. MA-A73KJ-108-01/2022: Ong Kuang Lim v Md Amir Hossain & MNSB (Cont'd)

MNSB has filed the statement of defence on 21 March 2022 and the matter has been fixed for trial on 20 June 2022. On 5 April 2022, the plaintiff and MNSB as the second defendant have reached an agreement with MNSB to pay the sum of RM18,000 as full and final settlement and this suit against the first Defendant has been withdrawn by the plaintiff with liberty to file afresh on the same date.

B10. Dividend

The Company does not have any formal dividend policy. No dividend has been declared or recommended for payment by the Board of Directors of the Company during the financial period under review.

B11. Earnings per share

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021 ⁽¹⁾	31.3.2022	31.3.2021 ⁽¹⁾
Profit attributable to ordinary owners of the Company (RM'000)	1,888	N/A	6,558	N/A
Number of ordinary shares ('000)	327,000	N/A	327,000	N/A
Diluted number of ordinary shares ('000)	408,750	N/A	408,750	N/A
Basic EPS (sen) ⁽²⁾	0.58	N/A	2.01	N/A
Diluted EPS (sen) ⁽³⁾	0.46	N/A	1.60	N/A

Notes:

N/A – Not applicable

(1) This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

(2) Basic EPS is calculated based on the Company's share capital of 327,000,000 shares in issue as at 31 March 2022, after issuance of shares to the acquisition of MNSB and MPTSB, and before IPO.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)
B11. Earnings per share (Cont'd)

- (3) Diluted EPS of the Company is calculated based on assumed number of shares in issue pursuant to the completion of the IPO, which is 408,750,000 shares as disclosed in Note A11. There are no dilutive instruments at the end of 31 March 2022.

B12. Disclosure on selected expense/income items as required by the Listing Requirements

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2022 RM'000	31.3.2021 ⁽¹⁾ RM'000	31.3.2022 RM'000	31.3.2021 ⁽¹⁾ RM'000
Depreciation of property, plant and equipment	115	N/A	1,089	N/A
Depreciation of investment properties	4	N/A	11	N/A
Depreciation of right-of-use assets	507	N/A	1,108	N/A
Interest expense	42	N/A	210	N/A
Net impairment losses on financial assets and contract assets	355	N/A	1,155	N/A
Interest income	(1)	N/A	(21)	N/A
Rental income	(6)	N/A	(85)	N/A

Note:

N/A – Not applicable

- (1) This is the second interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

BY ORDER OF THE BOARD

MN HOLDINGS BERHAD

30 May 2022