



MN HOLDINGS BERHAD

Registration No.: 202001038774 (1395095-M)

**Interim Financial Report
For the Quarter and Year-to-date Ended
30 June 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.6.2022	30.6.2021 ⁽²⁾	30.6.2022	30.6.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	25,133	N/A	104,007	115,200
Cost of sales		(20,151)	N/A	(81,079)	(90,139)
Gross profit ("GP")		4,982	N/A	22,928	25,061
Other income		199	N/A	1,213	858
Administrative expenses ⁽³⁾		(3,108)	N/A	(9,618)	(7,895)
Net impairment losses on financial assets and contract assets		(1,330)	N/A	(2,485)	(3,549)
Other expenses		(1,198)	N/A	(3,415)	(3,293)
(Loss)/Profit from operations		(455)	N/A	8,623	11,182
Finance costs		(147)	N/A	(357)	(644)
(Loss)/Profit before tax ("LBT)/PBT")	B12	(602)	N/A	8,266	10,538
Income tax expense	B6	(488)	N/A	(2,687)	(2,409)
(Loss)/Profit after tax/Total comprehensive income ("LAT)/PAT")		(1,090)	N/A	5,579	8,129
(Loss)/Profit after tax/Total comprehensive income attributable to:					
• Owners of the Company		(1,090)	N/A	5,579	8,129
• Non-controlling interests		-	N/A	-	-
		(1,090)	N/A	5,579	8,129
Earnings per share attributable to owners of the Company					
• Basic/Diluted (sen) ⁽⁴⁾	B11	(0.27)	N/A	1.36	2.49

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 third 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 as no interim financial report was prepared for the comparative financial period concerned.


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾ (CONT'D)
Notes:

- (3) Administrative expenses for the financial year-to-date ended 30 June 2022 included one-off listing expenses of RM1.15 million for the financial quarter under review and RM1.97 million for the financial year-to-date ended 30 June 2022. Besides, there is also a net impairment losses on financial assets and contract assets incurred for the current financial quarter under review and financial year-to-date ended 30 June 2022 amounted to RM1.33 million and RM2.49 million respectively. For illustration purpose only, the Company's normalised financial performance for the financial quarter and financial year-to-date ended 30 June 2022 after adjusting for the one-off listing expenses and net impairment losses on financial assets and contract assets are as follows:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
(LBT)/PBT	(602)	N/A	8,266	10,538
Add: Listing expenses	1,148	N/A	1,965	712
Add: Net impairment losses on financial assets and contract assets	1,330	N/A	2,485	3,549
Adjusted PBT	1,876	N/A	12,716	14,799

- (4) Basic earnings per share for the current financial quarter and financial year-to-date ended 30 June 2022 is calculated based on the Company's share capital of 408,750,000 shares in issue after the Company listed on the ACE market of Bursa Securities on 28 April 2022. For the preceding financial year-to-date ended 30 June 2021, the basic earnings per share is calculated based on the Company's share capital of 327,000,000 shares in issue, after issuance of shares to the acquisition of Mutu Nusantara Sdn Bhd ("MNSB") and MN Power Transmission Sdn Bhd ("MPTSB") and before the initial public offering ("IPO"). There are no dilutive instruments at the end of 30 June 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	UNAUDITED	AUDITED
	As at	As at
	30.6.2022	30.6.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,631	2,141
Right-of-use assets	966	5,408
Investment properties	612	627
Deferred tax assets	2,271	1,712
Total non-current assets	9,480	9,888
Current Assets		
Trade and other receivables	34,059	38,369
Contract assets	55,685	49,063
Current tax assets	-	202
Cash and cash equivalents	18,901	11,258
Total current assets	108,645	98,892
TOTAL ASSETS	118,125	108,780
EQUITY AND LIABILITIES		
Equity		
Share capital	49,352	1,750
Merger deficit	(30,950)	-
Retained profits	43,077	37,498
Total equity attributable to owners of the Group	61,479	39,248
Liabilities		
Non-current liabilities		
Lease liabilities	1,867	1,893
Loans and borrowings	1,820	2,256
Total non-current liabilities	3,687	4,149
Current liabilities		
Trade and other payables	38,900	43,573
Contract liabilities	8,371	12,380
Loans and borrowings	2,751	4,897
Lease liabilities	1,449	2,255
Current tax liabilities	1,488	2,278
Total current liabilities	52,959	65,383
TOTAL LIABILITIES	56,646	69,532
TOTAL EQUITY AND LIABILITIES	118,125	108,780
Number of shares in issue ('000) after Public Issue⁽²⁾	408,750	327,000
NET ASSETS PER SHARE (RM)⁽²⁾	0.15	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 408,750,000 shares (30 June 2021: 327,000,000 shares) in issue as at 30 June 2022. The number of ordinary shares used in calculating the net assets per share as at 30 June 2021 is based on 327,000,000 shares in issues, after issuance of shares to the acquisition of MNSB and MPTSB and before the IPO.

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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	-			5,579	5,579
Transaction with owners:					
- Issuance of shares pursuant to acquisition of subsidiary companies	32,700	(1,750)	(30,950)	-	-
- Issuance of shares	17,167	-	-	-	17,167
- Listing expenses	(515)	-	-	-	(515)
	49,352	(1,750)	(30,950)	-	16,652
As at 30 June 2022 (Unaudited)	49,352	-	(30,950)	43,077	61,479

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 third 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE ENDED	
	30.6.2022 RM'000	30.6.2021 RM'000
Cash Flows From Operating Activities		
Profit before tax	8,266	10,538
Adjustments for:		
Net impairment losses on financial assets and contract assets	2,485	3,549
Depreciation of property, plant and equipment	2,906	1,386
Depreciation of right-of-use assets	145	1,780
Depreciation of investment properties	15	15
Deposit written off	334	109
Property, plant and equipment written off	-	2
Gain on disposal of property, plant and equipment	(30)	(31)
Gain on disposal of right-of-use assets	-	(206)
Finance income	(45)	(55)
Finance costs	357	644
Operating profit before working capital changes	14,433	17,731
Changes in working capital		
Change in trade and other receivables and prepayments	2,145	(24,007)
Change in trade and other payables	(4,674)	19,035
Change in contract assets	(6,613)	(12,845)
Change in contract liabilities	(4,009)	9,630
Cash from operations	1,282	9,544
Income tax paid	(3,835)	(4,201)
Interest paid	(357)	(644)
Net cash (used in)/from operating activities	(2,910)	4,699
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(638)	(249)
Addition to right-of-use assets	-	162
Proceeds from disposal of property, plant and equipment	30	31
Proceed from disposal of right-of-use assets	-	2,405
Interest income received	45	55
Net cash (used in)/from investing activities	(563)	2,404
Cash Flows From Financing Activities		
Change in deposits pledged	(969)	(645)
Dividend paid	-	(1,060)
Net repayment of loans and borrowings	(2,603)	2,022
Net repayment of lease liabilities	(1,877)	(2,841)
Net proceed from issuance of shares	15,595	-
Net cash from/(used in) financing activities	10,146	(2,524)
Net increase in cash and cash equivalents	6,673	4,579
Cash and cash equivalents at the beginning of the financial year	8,353	3,774
Cash and cash equivalents at the end of the financial year	15,026	8,353


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

	YEAR-TO-DATE ENDED	
	30.6.2022	30.6.2021
	RM'000	RM'000
Cash and cash equivalents at the end of the financial year comprises:		
Fixed deposits with licensed banks	3,875	2,905
Less: Pledged deposits	(3,875)	(2,905)
	-	-
Cash and bank balances	15,026	8,353
	15,026	8,353
Cash and cash equivalents in the consolidated statement of cash flows	15,026	11,258

Note:

- (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.

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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 third interim financial report on the Company’s unaudited condensed consolidated financial results for the fourth quarter and year-to-date ended 30 June 2022 announced by the Company in compliance with the Listing Requirements. As the Company was listed on the ACE Market of Bursa Securities on 28 April 2022, there are no comparative figures for the preceding year’s corresponding quarter.

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 17: Initial Application of MFRS 17 and MFRS 9 – Comparative information	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 qualification on the audited financial statements for the financial year ended 30 June 2021 of the Company.

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 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 30 June 2022 is as follows:

Analysis of revenue by business segments

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2022	30.6.2021 ⁽¹⁾	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Underground utilities engineering	17,145	N/A	76,856	92,782
Substation engineering	7,988	N/A	27,151	22,418
Total	25,133	N/A	104,007	115,200

Analysis of revenue by customers' industry

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2022	30.6.2021 ⁽¹⁾	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Power	25,064	N/A	103,406	110,638
Gas	53	N/A	847	4,190
Sewerage	16	N/A	⁽²⁾ (246)	372
Total	25,133	N/A	104,007	115,200

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- (2) Following the variation of contract sum of two 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

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.

A12. Changes in the composition of the Group

On 19 July 2022, MNSB, a wholly-owned subsidiary of the Company, had incorporated one subsidiary, MN Semantra Sdn Bhd (“MNSSB”) with shareholding of 51% of total paid up capital of RM100, representing RM1 per ordinary share. Mr Wong Yew Choong, a minority shareholder is holding 49% of total paid up capital of MNSSB and MNSSB is principally engaged in the provision of underground utilities construction and pipe jacking services.

Save as disclosed above, there were no other 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 and/or contingent liabilities as at the date of this interim financial report:

	UNAUDITED	AUDITED
	As at	As at
	30.6.2022	30.6.2021
	RM'000	RM'000
Performance guarantee extended to third parties	4,678	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	
	30.6.2022	30.6.2021 ⁽¹⁾	30.6.2022	30.6.2021 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Rental paid or payable to a director	19	N/A	74	74
Professional fees paid to an entity in which an independent director has interest	4	N/A	4	-

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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 RM25.13 million for the current financial quarter ended 30 June 2022 (“4Q2022”).

The Group’s revenue was principally derived from the underground utilities engineering segment, contributing approximately 68.22% of the total revenue in 4Q2022.

The Group registered a LBT and LAT of RM0.60 million and RM1.09 million, respectively, in the current financial quarter under review.

(b) Results for financial year-to-date

The Group recorded revenue of RM104.01 million for the financial year-to-date ended 30 June 2022.

The Group’s revenue was principally derived from the underground utilities engineering segment, contributing approximately 73.90% of the total revenue for the year-to-date financial ended 30 June 2022.

The Group registered a PBT and PAT of RM8.27 million and RM5.58 million, respectively, in the year-to-date ended 30 June 2022.

The Group had incurred one-off listing expenses of approximately RM1.97 million in year-to-date ended 30 June 2022.

This is the third interim financial report being announced by the Group in compliance with the Listing Requirements. As the Company was listed on the ACE Market of Bursa Securities on 28 April 2022, there are no comparative figures for the preceding year’s corresponding quarter.

B2. Comparison with immediate preceding quarter’s results

	QUARTER ENDED		Variance	
	30.6.2022	31.03.2022	RM’000	%
	RM’000	RM’000		
Revenue	25,133	29,108	(3,975)	(13.66)
(LBT)/PBT	(602)	2,547	(3,149)	(123.64)

The Group recorded revenue of RM25.13 million in 4Q2022 as compared to RM29.11 million in the preceding quarter ended 31 March 2022 (“3Q2022”), represented a decrease of RM3.98 million in 4Q2022. The decrease in revenue was mainly due to lower level of construction activities based on the on-going projects’ progress.

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 LBT of RM0.60 million in 4Q2022, a decrease of RM3.15 million from RM2.55 million in 3Q2022. Excluding the listing expenses of RM1.15 million and net impairment loss of financial assets and contract assets of RM1.33 million which incurred in 4Q2022, the adjusted PBT would have been RM1.88 million for the current financial quarter, a decrease of RM0.67 million from the preceding quarter resulted from lower revenue generated.

B3. Prospects and outlook

The first half of 2022 has been challenging for most economies. Although Malaysia is transitioning into endemicity stage of the Covid-19 virus, there are still various significant concerns over uncertainties arising from geopolitical developments, such as Russia-Ukraine war, US-China escalated tension, global inflation which had caused aggressively raised interest rate and others. Besides, Malaysia also faced severe local challenges, such as shortage of labour supply which lead to disruption in supply chain, increase in business costs as a result of increase in minimum wages and high inflation in all main group in Malaysia.

Nonetheless, the Group still achieved positive results in the current financial quarter. Since the Company was listed on 28 April 2022 and up to today, the Group has been successfully secured underground utilities and substation engineering projects, amongst others, one underground utilities project and three substation engineering projects which notably contributed a total contract value of approximately RM82.9 million to the order book of the Group.

Moving forward to financial year 2023, the Group remains strong for its order book of approximately RM272 million, an increased of approximately RM99.8 million from the date of listing. The order book will provide the Group's earning for the next two to three financial years. 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.

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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

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	
	30.6.2022	30.6.2021 ⁽¹⁾	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense ⁽²⁾	733	N/A	3,246	4,417
Deferred tax expense	(245)	N/A	(559)	(2,008)
Total tax expense	488	N/A	2,687	2,409
Effective tax rate (%)	N/A ⁽⁴⁾	N/A	32.51 ⁽³⁾	22.86
Statutory tax rate (%)	24.00	N/A	24.00	24.00

Notes:

N/A – Not applicable

- (1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter 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 year-to-date under review was higher than the statutory tax rate of 24% mainly due to the non-deductibility of certain expenses such as listing expenses, professional fees and others for tax purposes.
- (4) The Group's effective tax rate for the current quarter is not applicable due to loss before taxation.

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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:-

<u>Details of utilisation</u>	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Deviation</u> RM'000	<u>Estimated timeframe for utilisation upon listing</u>
Purchase of machinery and equipment	1,720	-	-	Within 24 months
Repayment of bank borrowings	3,995	1,147	-	Within 12 months
General working capital	8,453	4,000	(333)	Within 24 months
Estimated listing expenses	3,000	3,333	333	Within 1 month
	<u>17,168</u>	<u>8,480</u>	<u>-</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 8 April 2022, and announcement on 27 July 2022, on variation of the utilisation of proceeds raised from the initial public offering.

B8. Bank borrowings

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u> As at 30.6.2022 RM'000	<u>AUDITED</u> As at 30.6.2021 RM'000
Current:		
Lease liabilities	1,449	2,255
Term loans	512	763
Banker acceptances	2,236	2,490
Trust receipts	-	1,644
Bank overdraft	3	-
	<u>4,200</u>	<u>7,152</u>
Non-current:		
Lease liabilities	1,867	1,893
Term loans	1,820	2,256
	<u>3,687</u>	<u>4,149</u>
Total bank borrowings	<u>7,887</u>	<u>11,301</u>

Save for the lease liabilities in relation to the rental obligation for the Group's premises amounting to RM0.94 million, the Group's bank 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 and 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)
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	
	30.6.2022	30.6.2021 ⁽¹⁾	30.6.2022	30.6.2021
(Loss)/Profit attributable to the owners of the Company (RM'000)	(1,090)	N/A	5,579	8,129
Number of ordinary shares ('000)	408,750	N/A	408,750	327,000
Basic/Diluted EPS (sen) ⁽²⁾	(0.27)	N/A	1.36	2.49

Notes:

N/A – Not applicable

- (1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic earnings per share for the current financial quarter and financial year-to-date ended 30 June 2022 is calculated based on the Company's share capital of 408,750,000 shares in issue after the Company listed on the ACE market of Bursa Securities on 28 April 2022. For the preceding financial year-to-date ended 30 June 2021, the basic earnings per share is calculated based on the Company's share capital of 327,000,000 shares in issue, after issuance of shares to the acquisition of MNSB and MPTSB and before the IPO. There are no dilutive instruments at the end of 30 June 2022.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)
B12. Disclosure on selected expense/income items as required by the Listing Requirements

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2022	30.6.2021 ⁽¹⁾	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	1,335	N/A	2,906	1,386
Depreciation of investment properties	4	N/A	15	15
Depreciation of right-of-use assets	(474)	N/A	145	1,780
Deposit written off	334	N/A	334	109
Property, plant and equipment written off	-	N/A	-	2
Gain on disposal property, plant and equipment	(30)	N/A	(30)	(31)
Gain on disposal of right-of-use assets	-	N/A	-	(206)
Finance costs	147	N/A	357	644
Net impairment losses on financial assets and contract assets	1,330	N/A	2,485	3,549
Finance income	(24)	N/A	(45)	(55)
Rental income	(6)	N/A	(91)	(23)

Note:

N/A – Not applicable

- (1) This is the third interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter 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

29 August 2022