



MN HOLDINGS BERHAD

Registration No.: 202001038774 (1395095-M)

**Interim Financial Report
For the Quarter and Year-to-date Ended
31 March 2023**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.3.2023	31.3.2022	31.3.2023	31.3.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	45,779	29,108	113,840	78,875
Cost of sales		(35,957)	(25,537)	(90,909)	(60,930)
Gross profit ("GP")		9,822	5,571	22,931	17,945
Other income		631	338	778	1,014
Administrative expenses		(3,723)	(2,346)	(8,995)	(6,620)
Net impairment losses on financial assets and contract assets		(760)	(355)	(1,870)	(1,155)
Other expenses		(1,009)	(619)	(2,547)	(2,217)
Profit from operations		4,961	2,589	10,297	8,967
Finance costs		(144)	(42)	(376)	(210)
Profit before tax ("PBT")	B12	4,817	2,547	9,921	8,757
Income tax expense	B6	(1,223)	(659)	(2,553)	(2,199)
Profit after tax/Total comprehensive income ("PAT")		3,594	1,888	7,368	6,558
Profit/(loss) after tax / Total comprehensive income/(loss) attributable to:					
• Owners of the Company		3,696	1,888	7,472	6,558
• Non-controlling interests		(102)	-	(104)	-
		3,594	1,888	7,378	6,558
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	0.90	0.58	1.83	2.01
• Diluted (sen) ⁽³⁾	B11	0.60	0.46	1.22	1.60

Notes:

N/A – Not applicable

- (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 30 June 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share for the current financial quarter and financial year-to-date ended 31 March 2023 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. Basic earnings per share for the comparative quarter and year-to-date ended 31 March 2022 is calculated based on the enlarged share capital of 327,000,000 shares in issue before the Company's Initial Public Offer ("IPO").
- (3) Diluted earnings per share of the Company for the current financial quarter and financial year-to-date ended 31 March 2023 is calculated based on the fully diluted exercised number of shares in issue pursuant to the Bonus Issue of Warrants as at 8 March 2023, which is 613,125,000 shares. Diluted earnings per share for the financial quarter and year-to-date 31 March 2022 is calculated based on assumed number of shares in issue pursuant to the completion of the IPO, which is 408,750,000 shares.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	UNAUDITED	AUDITED
	As at	As at
	31.3.2023	30.6.2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,707	5,631
Right-of-use assets	814	1,072
Investment properties	601	612
Deferred tax assets	2,719	2,271
Total non-current assets	9,842	9,586
Current Assets		
Trade and other receivables	31,548	34,053
Contract assets	72,200	55,681
Short-term investment	4,080	-
Current tax assets	-	142
Cash and cash equivalents	17,606	18,901
Total current assets	125,434	108,777
TOTAL ASSETS	135,276	118,363
EQUITY AND LIABILITIES		
Equity		
Share capital	49,352	49,352
Merger deficit	(30,950)	(30,950)
Retained profits	50,498	43,026
	68,900	61,428
Non-controlling interest	256	-
Total equity	69,156	61,428
Liabilities		
Non-current liabilities		
Lease liabilities	1,715	2,023
Loans and borrowings	1,475	1,846
Total non-current liabilities	3,190	3,869
Current liabilities		
Trade and other payables	48,185	38,936
Contract liabilities	4,008	8,371
Loans and borrowings	8,203	2,725
Lease liabilities	1,076	1,399
Current tax liabilities	1,458	1,635
Total current liabilities	62,930	53,066
TOTAL LIABILITIES	66,120	56,935
TOTAL EQUITY AND LIABILITIES	135,276	118,363



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

Number of shares in issue ('000) after Public Issue⁽²⁾	408,750	408,750
NET ASSETS PER SHARE (RM) ⁽²⁾	0.17	0.15

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 30 June 2022 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 2022: 408,750,000 shares) in issue as at 31 March 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Share Capital RM'000	Invested Equity RM'000	Merger Equity RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
As at 1 July 2021 (Audited)	-	1,750	-	37,498	39,248	-	39,248
Profit after tax/Total comprehensive income	-	-	-	5,528	5,528	-	5,528
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	-	17,167
- Listing expenses	(515)	-	-	-	(515)	-	(515)
	49,352	(1,750)	(30,950)	-	-	-	16,652
As at 30 June 2022 (Audited)	49,352	-	(30,950)	43,026	61,428	-	61,428
Total comprehensive income/(loss)	-	-	-	7,472	7,472	(104)	7,368
Transaction with owners:							
Share acquired by Non-controlling interest of a subsidiary	-	-	-	-	-	360	360
As at 31 March 2023 (Unaudited)	49,352	-	(30,950)	50,498	68,900	256	69,156

Notes:

- (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 30 June 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE ENDED	
	31.3.2023 RM'000	31.3.2022 RM'000
Cash Flows From Operating Activities		
Profit before tax	9,921	8,757
Adjustments for:		
Net impairment losses on financial assets and contract assets	1,870	1,155
Depreciation of property, plant and equipment	2,277	1,089
Depreciation of right-of-use assets	259	1,108
Depreciation of investment properties	11	11
Finance income	(85)	(21)
Finance costs	376	210
Operating profit before working capital changes	14,629	12,309
Changes in working capital		
Change in trade and other receivables and prepayments	2,505	3,246
Change in trade and other payables	9,250	(3,096)
Change in contract assets	(16,519)	(11,411)
Change in contract liabilities	(4,363)	508
Cash from operations	5,502	1,556
Income tax paid	(3,037)	(2,263)
Interest paid	(376)	(210)
Net cash from/(used in) operating activities	2,089	(917)
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(1,203)	(470)
Interest income received	85	21
Net cash used in investing activities	(1,118)	(449)
Cash Flows From Financing Activities		
Change in deposits pledged	(3,656)	(274)
Net drawdown/(repayment) of loans and borrowings	3,798	(2,041)
Net repayment of lease liabilities	(1,983)	(1,569)
Net cash used in financing activities	(1,841)	(3,884)
Net decrease in cash and cash equivalents	(870)	(5,250)
Cash and cash equivalents at the beginning of the financial year	15,026	8,353
Cash and cash equivalents at the end of the financial period	14,156	3,103

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

	YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022
	RM'000	RM'000
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	7,530	3,179
Short-term investment	4,080	-
Cash and bank balances	10,076	3,103
	<hr/> 21,686	<hr/> 6,282
Less: Pledged deposits	(7,530)	(3,179)
Cash and cash equivalents in the consolidated statement of cash flows	<hr/> 14,156	<hr/> 3,103

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 30 June 2022 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 interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory 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 in preparation of the Group’s audited financial statements for the financial year ended 30 June 2022, except for the adoption of the following new MFRSs and/or IC interpretations (including The Consequential Amendments).

	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
• 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: 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 16: Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
• 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

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

A3. Auditors' report on preceding annual financial statements

There was no qualification on the audited financial statements for the financial year ended 30 June 2022 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.

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current financial quarter under review.

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 2023 is as follows:

Analysis of revenue by business segments

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Underground utilities engineering	25,027	21,144	63,226	59,511
Substation engineering	20,752	7,964	50,614	19,364
Total	45,779	29,108	113,840	78,875

Analysis of revenue by customers' industry

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Power	46,002	29,058	113,823	78,343
Gas	84	50	318	794
Sewerage	(307)	-	(301)	(262)
Total	45,779	29,108	113,840	78,785

A10. Valuation of property, plant and equipment

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

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.

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

A12. Changes in the composition of the Group

On 21 April 2023, the Company had subscribed for a total of RM449,949 for a total of 449,949 ordinary shares of MN Semantra Sdn Bhd "MNSSB" via cash injection, which increased the Group's effective shareholding from 51% to 60% in MNSSB.

On 21 April 2023, the Company had subscribed for a total of RM139,920 for a total of 139,920 ordinary shares of MN Moxtech Sdn Bhd "MNMSB" via cash injection, which reduced the Group's effective shareholding from 80% to 70% in MNMSB.

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:

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at	As at
	31.3.2023	30.6.2022
	RM'000	RM'000
Performance guarantee extended to third parties	17,846	4,073

A14. Capital commitments

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

A15. Related party transactions

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

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Rental paid or payable to a director	19	19	56	56

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

B1. Review of Performance

(a) Comparison with Preceding Year's Corresponding Quarter Results

The Group recorded revenue of RM45.78 million for the current financial quarter ended 31 March 2023 ("**3Q2023**") compared with RM29.11 million for the preceding financial quarter of 31 March 2022 ("**3Q2022**") which represents an increase of RM16.67 million or 57.27% year-on-year ("**y-o-y**").

The Group's revenue was derived from the underground utilities engineering segment and substation engineering segment, which contributed 63.55% and 36.45% of the total revenue in 3Q2023 respectively. The overall increase in revenue is mainly contributed from the underground utilities engineering segment, which increased from RM21.15 million in 3Q2022 to RM29.25 million in 3Q2023.

The Group registered a PBT of RM4.82 million in 3Q2023, an increase of RM2.27 million from RM2.55 million in 3Q2022. The higher PBT was mainly attributable from the higher construction activities from both the underground utilities and substation engineering segments if compared with the preceding year, as a result of business expansion of the Group.

The Group registered a PAT of RM3.59 million in the current financial quarter under review as compared with RM1.89 million in the same corresponding quarterly period last year.

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

The Group recorded revenue of RM113.84 million for the financial year-to-date ended 31 March 2023 compared with RM78.87 million for the preceding financial year-to-date ended 31 March 2022, an increase of RM34.97 million or 44.34% y-o-y.

The Group's revenue was derived from the underground utilities engineering segment and substation engineering segment, which accounted for 59.12% and 40.88% of the total revenue for the year-to-date financial period ended 31 March 2023 respectively. The overall increase in revenue for the Group is mainly contributed from substation engineering segment, which increased from RM19.32 million in the financial year-to-date 31 March 2022 to RM46.64 million in financial year-to-date ended 31 March 2023.

The Group registered a PBT of RM9.92 million in financial year -to-date ended 31 March 2023, an increase of RM1.16 million from RM8.76 million in the previous corresponding period. The higher PBT was attributable to an increase in gross profit of the group from RM17.95 million to RM22.93 in the financial year-to-date ended 31 March 2023.

The Group registered a PAT of RM7.37 million in the year-to-date ended 31 March 2023 compared with RM6.56 million in the previous corresponding period.

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

B2. Comparison with immediate preceding quarter's results

	QUARTER ENDED		Variance	
	31.3.2023	31.12.2022	RM'000	%
	RM'000	RM'000		
Revenue	45,779	41,002	4,777	11.65
PBT	4,817	3,474	1,844	38.66

The Group recorded revenue of RM45.78 million in the 3Q2023 as compared to RM41.02 million in the preceding quarter ended 31 December 2022 ("2Q2023"), representing an increase of RM4.78 million or 11.65% quarter-on-quarter ("q-o-q"). The increase in revenue compared with 2Q2023 is mainly contributed from the underground utilities segment, which had increased from RM21.65 million in 2Q2023 to RM29.25 million in the 3Q2023, up 35.10% q-o-q. The increase in underground utilities segment is mainly contributed by commencement of several major projects which has been secured by the Group recently.

The Group registered a PBT of RM4.82 million in the 3Q2023, an increase of RM1.84 million or 38.66% q-o-q from PBT of RM3.47 million recorded in the 2Q2023.

B3. Prospects and outlook

The Malaysian economy recorded a continued expansion of 5.6% in GDP during 1Q2023, supported by factors such as increased household spending, improved investment activity, favourable labour market conditions, and higher tourism activities. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9%. The construction sector also experienced a notable growth of 7.4% in economic activities, primarily driven by the ongoing progress of large transportation and utility projects, as well as the completion of higher end-works in nearly-completed projects. (Source: *Economic and Financial Developments in Malaysia in the First Quarter of 2023; Bank Negara Malaysia*)

In line with this positive economic environment, the Group has demonstrated higher and positive results in the current financial quarter. This result is attributed by the continued progress and commencement of several major projects that were previously secured by the Group. These projects have contributed to the Group's overall performance, leading to substantial growth and improved financial results.

As at 22 May 2023, the Group's order book stands at RM337.67 million. These secured contracts are expected to positively impact the Group's earnings over the next two to three financial years, barring any unforeseen circumstances. Overall, the Group is well-positioned for continued growth and future opportunities.

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

Saved as disclosed below, there were no corporate proposals announced but not completed as at the date of this interim financial report:

On 23 November 2022, M&A Securities Sdn Bhd has on behalf of the Board of Directors (“**the Board**”) of the Company, announced that the Company proposes to undertake the following proposals:

- (a) Proposed bonus issue of 204,375,000 warrants (“Warrant(s)”) on the basis of 1 Warrant for every 2 existing ordinary shares in MNHB (“MNHB Share(s)” or “Share(s)”) held by the entitled shareholders of the Company on an entitlement date to be determined and announced later (“Entitlement Date”) (“Entitled Shareholder(s)”) (“Proposed Bonus Issue of Warrants”); and
- (b) Proposed establishment of an employees’ share option scheme (“ESOS”) of up to 30.00% of the total number of issued Shares of MNHB (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible employees and directors of MNHB and its subsidiaries (excluding dormant subsidiaries, if any) (“Group” or “MNHB Group”) (“Proposed ESOS”).

On 13 December 2022, M&A Securities Sdn Bhd has on behalf of the Board, announced that Bursa Securities had approved the Proposed Bonus Issue of 204,375,000 Warrants and Proposed ESOS.

On 9 February 2023, M&A Securities Sdn Bhd has on behalf of the Board of Directors of the Company, announced that the Board had fixed the entitlement date for the Warrants at 27 February 2023.

On 8 March 2023, M&A Securities Sdn Bhd has on behalf of the Board of Directors of the Company, announced that the Bonus Issue of Warrants has been completed following the listing of and quotation for 204,375,000 Warrants on the ACE Market of Bursa Securities.

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

B6. Income tax expenses

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense ⁽¹⁾	1,405	570	3,002	2,339
Deferred tax expense	(182)	(85)	(449)	(314)
Total tax expense	1,223	485	2,553	2,025
Effective tax rate (%) ⁽²⁾	25.39	26.62	25.74	25.21
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Notes:

N/A – Not applicable

- (1) Income tax expense is recognised based on management's best estimate.
- (2) 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 such as provision for impairment of financial assets, professional fees and others for tax purposes.

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	Actual utilisation	Deviation	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Purchase of machinery and equipment	1,720	1,027	N/A	Within 24 months
Repayment of bank borrowings	3,995	3,995	N/A	Within 12 months
General working capital	8,453	7,638	N/A	Within 24 months
Estimated listing expenses	3,000	3,000	N/A	Within 1 month
	17,168	15,660	N/A	

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.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)
B8. Bank borrowings

The Group's bank borrowings were as follows:

	UNAUDITED	AUDITED
	As at 31.3.2023	As at 30.6.2022
	RM'000	RM'000
Current:		
Lease liabilities	1,076	1,399
Term loans	496	486
Banker acceptances	7,273	2,236
Bank overdraft	433	3
	<u>9,278</u>	<u>4,124</u>
Non-current:		
Lease liabilities	1,715	2,033
Term loans	1,475	1,846
	<u>3,190</u>	<u>3,889</u>
Total bank borrowings	<u>12,468</u>	<u>7,993</u>

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

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.

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

B9. Material litigation (cont'd)

(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.

On 30 January 2023, Telekom had issued an invoice amounting to RM198,458.95 claiming the repair cost for the incident. Subsequently, MNSB had submitted insurance claim with the correspondence letter from Telekom. On 16 May 2023, MNSB had received a letter of demand from Telekom, claiming on the payment for the amount. MNSB had replied a holding letter on the letter of demand by 23 May 2023, while waiting for the insurance company on the compensation amount. Telekom had agreed to withhold the matter until 2 June 2023.

An additional provision of RM78,459 has been made as per actual claim amount by Telekom. The Board is of the view that the Settlement Sum did not have a material impact to the Group.

(iii) Kluang Session Court (Suit No. JG-A53-2-10/2022) Telekom Malaysia Berhad “Telekom” vs MNSB

On 3 October 2022, MNSB had been served with a writ summons and statement of claims from Telekom, claiming for RM113,309.55 for failing to rectify the damage caused by MNSB’s drilling activities to fibre optic cables owned by Telekom near Jambatan Sg. Sembrong, Jalan Mersing, Kluang, Johor.

MNSB has filed the statement of defence on 10 November 2022. In the statement of defence, the company claimed that the drilling works during that period, was performed by another company, named Fusionspace Solutions Sdn Bhd (“FSSB”). Furthermore, MNSB and FSSB had requested utility mapping from Telekom for the involved site, and also confirmation from Telekom officer, on absent of utility infrastructure on the site during the site visit before commencement of drilling work. The matter has been fixed for full trial on 18 – 21 September 2023.

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.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)
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	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit attributable to the owners of the Company (RM'000)	3,696	1,888	7,472	6,558
Number of ordinary shares ('000)	408,750	327,000	408,750	327,000
Diluted number of ordinary shares ('000)	613,125	408,750	613,125	408,750
Basic EPS (sen) ⁽¹⁾	0.90	0.58	1.83	2.01
Diluted EPS (sen) ⁽²⁾	0.60	0.46	1.22	1.60

Notes:

N/A – Not applicable

- (1) Basic EPS is calculated based on the Company's share capital of 408,750,000 ordinary shares (31 March 2022: 327,000,000 ordinary shares).
- (2) Diluted EPS for the current quarter and year-to-date 31 March 2022 is calculated based on the fully diluted exercised number of ordinary shares of 613,125,000 pursuant to the Bonus Issue of Warrants on 8 March 2023. Diluted EPS for the preceding quarter and year-to-date ended 31 March 2022 is calculated based on assumed number of shares in issue pursuant to the completion of the IPO, which is 408,750,000 shares.

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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

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	919	115	2,277	1,089
Depreciation of investment properties	4	4	11	11
Depreciation of right-of-use assets	86	507	259	1,108
Finance costs	144	42	376	210
Net impairment losses on financial assets and contract assets	760	355	1,870	1,155
Deposits recovered	-	-	(75)	-
Finance income	(34)	(1)	(85)	(21)
Rental income	(6)	(6)	(18)	(85)

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

BY ORDER OF THE BOARD

MN HOLDINGS BERHAD

25 May 2023