



# **MN HOLDINGS BERHAD**

*Registration No.: 202001038774 (1395095-M)*

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


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

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	74,923	41,002	130,071	68,061
Cost of sales		(62,135)	(33,177)	(106,383)	(54,952)
<b>Gross profit ("GP")</b>		<b>12,788</b>	<b>7,825</b>	<b>23,688</b>	<b>13,109</b>
Other income		106	50	602	147
Administrative expenses <sup>(2)</sup>		(5,507)	(2,932)	(10,327)	(5,273)
Net impairment on financial assets and contract assets		(255)	(568)	(255)	(1,110)
Other expenses		(1,016)	(774)	(1,819)	(1,537)
<b>Profit from operations</b>		<b>6,116</b>	<b>3,601</b>	<b>11,889</b>	<b>5,336</b>
Finance costs		(445)	(127)	(644)	(232)
<b>Profit before tax ("PBT")</b>	B12	<b>5,671</b>	<b>3,474</b>	<b>11,245</b>	<b>5,104</b>
Income tax expense	B6	(1,667)	(895)	(3,052)	(1,330)
<b>Profit after tax/Total comprehensive income ("PAT")</b>		<b>4,004</b>	<b>2,579</b>	<b>8,193</b>	<b>3,774</b>
<b>Profit after tax / Total comprehensive income attributable to:</b>					
• Owners of the Company		3,923	2,581	8,079	3,776
• Non-controlling interests		81	(2)	114	(2)
		4,004	2,579	8,193	3,774
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen) <sup>(3)</sup>	B11	0.94	0.63	1.98	0.92
• Diluted (sen) <sup>(4)</sup>	B11	0.77	0.63	1.58	0.92

**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 2023 and the accompanying explanatory notes attached to this interim financial report.


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup> (CONT'D)**

- (2) Administrative expenses for the financial quarter and year-to-date ended 31 December 2023 included one-off share-based compensation expenses of RM 1.17 million. In addition, there is also net impairment losses on financial assets and contract assets incurred for the current financial quarter and year-to-date of RM0.26 million respectively against a RM0.57 million and RM1.11 million for preceding corresponding quarter and year to date 31 December 2022 respectively. For illustration purpose only, the Company's normalised financial performance for the financial quarter and financial year-to-date ended 31 December 2023 after adjusting for the one-off share-based compensation expenses and net impairment losses on financial assets and contract assets are as follows:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
PBT	5,671	3,474	11,245	5,104
Add: Share-based compensation expenses	1,174	-	1,174	-
Add: Net impairment losses on financial assets and contract assets	255	568	255	1,110
<b>Adjusted PBT</b>	<b>7,100</b>	<b>4,042</b>	<b>12,674</b>	<b>6,204</b>

- (3) Basic EPS is calculated based on the weighted average number of ordinary shares of 408,821,978 (31 December 2022: 408,750,000 weighted average number of ordinary shares).
- (4) Diluted earnings per share of the Company for the current financial quarter and financial year-to-date ended 31 December 2023 is calculated based on the weighted average numbers of ordinary shares of 511,749,032 (31 December 2022: 408,750,000 weighted average number of ordinary shares).

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

	UNAUDITED	AUDITED
	As at 31.12.2023 RM'000	As at 30.6.2023 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,789	6,597
Right-of-use assets	728	848
Investment properties	590	598
Deferred tax assets	3,327	3,250
<b>Total non-current assets</b>	<b>12,434</b>	<b>11,293</b>
<b>Current Assets</b>		
Trade and other receivables	49,179	52,524
Contract assets	78,603	61,396
Short-term investment	1,122	1,103
Cash and cash equivalents	24,393	20,521
<b>Total current assets</b>	<b>152,767</b>	<b>135,544</b>
<b>TOTAL ASSETS</b>	<b>165,730</b>	<b>146,837</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	49,411	49,352
Merger deficit	(30,950)	(30,950)
ESOS reserve	1,174	-
Retained profits	60,607	52,528
	80,242	70,930
Non-controlling interest	269	155
<b>Total equity</b>	<b>80,511</b>	<b>71,085</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	3,518	2,061
Loans and borrowings	461	1,349
<b>Total non-current liabilities</b>	<b>3,978</b>	<b>3,410</b>
<b>Current liabilities</b>		
Trade and other payables	57,594	56,559
Contract liabilities	4,380	7,616
Loans and borrowings	13,576	4,696
Lease liabilities	2,004	1,284
Current tax liabilities	3,687	2,187
<b>Total current liabilities</b>	<b>81,241</b>	<b>72,342</b>
<b>TOTAL LIABILITIES</b>	<b>85,219</b>	<b>75,752</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>165,730</b>	<b>146,837</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup> (CONT'D)**

<b>Number of shares in issue ('000) after Public Issue<sup>(2)</sup></b>	409,040	408,752
<b>NET ASSETS PER SHARE (RM) <sup>(2)</sup></b>	0.20	0.17

**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 2023 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 409,040,500 shares (30 June 2023: 408,751,500 shares) in issue as at 31 December 2023.

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

	Share Capital RM'000	Merger Equity RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
<b>As at 1 July 2022 (Audited)</b>	<b>49,352</b>	<b>(30,950)</b>	-	<b>43,026</b>	<b>61,428</b>	-	<b>61,428</b>
Profit/(Loss) after taxation/Total comprehensive income/(loss) for the financial year	-	-	-	9,502	9,502	(205)	9,297
Transaction with owners: Shares acquired by Non-controlling interest of subsidiaries	-	-	-	-	-	360	360
<b>As at 30 June 2023 (Audited)</b>	<b>49,352</b>	<b>(30,950)</b>	-	<b>52,528</b>	<b>70,930</b>	<b>155</b>	<b>71,085</b>
Conversion of warrants	59	-	-	-	59	-	59
Employees' Share option expenses	-	-	1,174	-	1,174	-	1,174
Profit after taxation/Total comprehensive income for the financial year	-	-	-	8,079	8,079	114	8,193
<b>As at 31 December 2023 (Unaudited)</b>	<b>49,411</b>	<b>(30,950)</b>	<b>1,174</b>	<b>60,607</b>	<b>80,242</b>	<b>269</b>	<b>80,511</b>

## 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 2023 and the accompanying explanatory notes attached to this interim financial report.

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

	YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>11,245</b>	<b>5,104</b>
Adjustments for:		
Impairment losses on financial assets and contract assets	254	1,110
Depreciation of property, plant and equipment	1,560	1,325
Depreciation of right-of-use assets	120	205
Depreciation of investment properties	7	7
Property, plant and equipment written-off	128	-
Share-based compensation expenses	1,174	-
Finance income	(22)	(52)
Finance costs	644	232
Operating profit before working capital changes	15,110	7,931
<b>Changes in working capital</b>		
Change in trade and other receivables and prepayments	3,075	(14,382)
Change in trade and other payables	1,035	10,555
Change in contract assets	(17,207)	(3,019)
Change in contract liabilities	(3,236)	(408)
Cash (used in)/from operations	(1,223)	677
Net Income tax paid	(1,631)	(1,902)
Net cash used in operating activities	(2,854)	(1,225)
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment	(354)	(930)
Change in deposits pledged	(2,392)	(2,419)
Interest income received	22	52
Net cash used in investing activities	(2,724)	(3,297)
<b>Cash Flows From Financing Activities</b>		
Interest paid	(644)	(232)
Net drawdown of loans and borrowings	9,110	2,808
Net repayment of lease liabilities	(1,389)	(1,455)
Net cash from financing activities	7,077	1,121
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,499</b>	<b>(3,401)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>11,329</b>	<b>15,026</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>12,828</b>	<b>11,625</b>


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup> (CONT'D)**

	<b>YEAR-TO-DATE ENDED</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Fixed deposits with licensed banks	12,687	6,486
Short-term investment	1,122	6,047
Cash and bank balances	11,706	5,578
	<u>25,515</u>	<u>18,111</u>
Less: Pledged deposits	(12,687)	(6,486)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b><u>12,828</u></b>	<b><u>11,625</u></b>

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2023 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 2023 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 2023, except for the adoption of the following new MFRSs and/or IC interpretations (including The Consequential Amendments).

	<b>Effective dates for financial periods beginning on or after</b>
• 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 112: International Tax Reform – Pillar Two Model Rules	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 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
• Amendments of MFRS 121: Lack of Exchangeability	1 January 2025
• 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

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**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 2023 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 December 2023 is as follows:

Analysis of revenue by business segments

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Underground utilities engineering	26,313	21,654	51,376	38,199
Substation engineering	48,610	19,348	78,695	29,862
<b>Total</b>	<b>74,923</b>	<b>41,002</b>	<b>130,071</b>	<b>68,061</b>

Analysis of revenue by customers' industry

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Power	72,625	40,992	124,950	67,821
Gas	2,298	10	4,583	234
Sewerage	-	-	537	6
<b>Total</b>	<b>74,923</b>	<b>41,002</b>	<b>130,071</b>	<b>68,061</b>

**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

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
	<b>31.12.2023</b>	<b>31.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Performance guarantee extended to third parties	18,643	17,353

### 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>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental paid or payable to a director	18	18	37	37
Payment to a firm which an INED has interest	9	-	14	-

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

### B1. Review of Performance

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

	QUARTER ENDED		Variance	
	31.12.2023	31.12.2022	RM'000	%
	RM'000	RM'000		
Revenue	74,923	41,002	33,921	83
PBT	5,671	3,474	2,197	63

The Group recorded a revenue of RM74.92 million for the current financial quarter ended 31 December 2023 ("**2Q2024**") compared with RM41.00 million for the previous financial quarter of 31 December 2022 ("**2Q2023**"), which represents an increase of RM33.92 million or 83% on a year-on-year ("**y-o-y**") basis.

The Group's revenue was derived mainly from the underground utilities engineering segment and substation engineering segment, which contributed 35% and 65% of the total revenue in 2Q2024 respectively. The overall increase in revenue was mainly contributed from the substation engineering segment, which increased from RM19.35 million in 2Q2023 to RM48.61 million in 2Q2024, an increase of RM29.26 million or 151% on a y-o-y basis.

The Group registered a profit before tax of RM5.67 million in 2Q2024, a mark RM2.20 million increase compared to the RM3.47 million profit before tax recorded in 2Q2023.

Inclusive in this current financial quarter is a one-off share-based compensation expenses of RM1.17 million. In addition, there is also net impairment losses on financial assets and contract assets for the current financial quarter and preceding quarter of RM 0.26 million and RM0.57 million respectively. The normalised profit before tax after adjusting the one-off share-based compensation expenses and net impairment losses on financial assets and contract assets for the current quarter and preceding year's corresponding quarter is RM 7.10 million and RM4.04 million respectively, representing an increase in adjusted profit before tax of 76% on a y-o-y basis.

The Group achieved a Profit After Tax ("**PAT**") of RM4.00 million in the current financial quarter, an increase of 55% compared with RM2.58 million PAT in the corresponding quarterly period of the previous year.

The increase revenue and profit of the Group primarily attributed to heightened construction activities within both the underground utilities and substation engineering segments. The Group's substantial expansion efforts played a key role in driving these increased activities, thereby positively influencing the overall financial performance of the Group.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**
**B1. Review of Performance (cont'd)**
**(a) Comparison with Preceding Year's Corresponding Year-to-Date Results**

	YEAR-TO-DATE ENDED		Variance	
	31.12.2023 RM'000	31.12.2022 RM'000	RM'000	%
Revenue	130,071	68,061	62,010	91
PBT	11,245	5,104	6,141	120

The Group recorded a revenue of RM130.07 million for the financial year-to-date ended 31 December 2023 compared with RM68.06 million for the preceding financial year-to-date ended 31 December 2022, an increase of RM62.01 million or 91% y-o-y basis.

The Group's revenue was derived from the underground utilities engineering segment and substation engineering segment, which accounted for 39% and 61% of the total revenue for the year-to-date financial period ended 31 December 2023 respectively. The overall increase in revenue for the Group is mainly contributed from substation engineering segment, which increased from RM29.86 million in the financial year-to-date 31 December 2022 to RM78.70 million in financial year-to-date ended 31 December 2023.

The Group registered a PBT of RM11.25 million in financial year-to-date ended 31 December 2023, an increase of RM6.15 million from RM5.10 million in the previous corresponding period. The increase in PBT was attributable to an increase in gross profit of the Group from RM13.11 million to RM23.69 million, or an increase of RM10.58 million. Whilst the administrative expenses had increased from RM5.27 million to RM10.33 million.

Inclusive in the financial year-to-date ended 31 December 2023 is a one-off share-based compensation expenses of RM 1.17 million. There are also net impairment losses on financial assets and contract assets for the current financial year-to-date ended 31 December 2023 and financial year-to-date ended 31 December 2022 amounting RM 0.26 million and RM 1.11 million respectively. The normalised profit before tax after adjusting these one-off expenses would be RM 12.67 million and RM 6.20 million respectively, representing an increase of 104% on a y-o-y basis.

The Group registered a PAT of RM8.19 million in the year-to-date ended 31 December 2023 compared with RM3.77 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	
	31.12.2023	30.9.2023	RM'000	%
	RM'000	RM'000		
Revenue	74,923	55,148	19,775	36
PBT	5,671	5,574	97	2

The Group recorded a revenue of RM74.92 million in the 2Q2024 as compared to RM55.15 million in the preceding quarter ended 30 September 2023 ("1Q2024"), representing an increase of RM19.78 million or 36% on a quarter-on-quarter ("q-o-q") basis. The increase in revenue compared with 1Q2024 is mainly derived from the substation engineering segment, which increased from RM30.09 million in 1Q2024 to RM48.61 million in the 2Q2024, up by 62% on a q-o-q basis. The increase in the substation engineering segment is mainly a result of heightened construction activities in several major projects secured by the Group during the financial year.

The Group registered a PBT of RM5.67 million in the 2Q2024, an increase of RM0.10 million or 2% on a q-o-q basis from a PBT of RM5.57 million recorded in the 1Q2024, mainly due to the recognition of the share-based compensation expenses amounting RM1.17m in 2Q2024. Excluding the share-based compensation expenses and the net impairment losses of RM1.17 million and RM0.26 million, the adjusted PBT would have been RM7.10 million, an increase of RM1.53 million or 27% if compared with the immediate preceding quarter 1Q2024.

### B3. Prospects and outlook

The Malaysian economy recorded overall growth in GDP of 3.7% in year 2023, supported by continued improvement in labour market conditions, increase in household spending, further recovery in tourism activities and also sustained investment activities. On a q-o-q basis, the construction sector also experienced a slowdown of 3.6% in economic activities as compared to 7.2% in 3Q2023, further expansion in civil engineering subsector weighed by weak non-residential activities. (Source: Quarterly Bulletin 4Q 2023; Bank Negara Malaysia)

Benefiting from further expansion in civil engineering subsector, the Company has achieved positive outcomes in the current financial quarter. The management is actively overseeing and implementing measures to facilitate the continuous advancement of construction projects and to replenish the Group's order book. These initiatives have played a crucial role in enhancing the Company's overall performance, fostering ongoing expansion, and yielding improved financial results.

As at the date of this report, the Group's order book stands at RM394.48 million. These secured contracts are expected to positively contribute the Group's earnings over the next two to three financial years, barring any unforeseen circumstances. Overall, the Group remains confident and resilient for upcoming prospects and further development of the Group.

**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:

**I. Proposed Private Placement**

On 16 January 2024, M&A Securities Sdn Bhd had, on behalf of the Board, announced to undertake a proposed private placement up to 73,583,700 new ordinary shares in MN Holdings, representing up to 10% of the total number of issued ordinary shares in MN Holdings ("**Proposed Private Placement**")

On 2 February 2024, Bursa Securities had approved the listing and quotation of new shares to be issued pursuant to the Proposed Private Placement.

On 19 February 2024, M&A Securities Sdn Bhd had, on behalf of the Board, announced to fixed the issue price of the Placement Shares at RM0.5955 per Placement Share, which represents a discount of approximately RM0.0657 or 9.94% from the 5-day volume weighted average market price of the Company from 9 February 2024 to 16 February 2024 at RM0.6612 per share.

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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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense <sup>(1)</sup>	1,728	1,031	3,112	1,596
Deferred tax expense	(61)	(136)	(61)	(266)
<b>Total tax expense</b>	<b>1,667</b>	<b>895</b>	<b>3,051</b>	<b>1,330</b>
Effective tax rate (%) <sup>(2)</sup>	29.38	25.76	27.16	26.05
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, share-based compensation expenses, 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	8,453	N/A	Within 24 months
Estimated listing expenses	3,000	3,000	N/A	Within 1 month
	<b>17,168</b>	<b>16,475</b>	<b>N/A</b>	

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 As at 31.12.2023 RM'000	AUDITED As at 30.6.2023 RM'000
<b>Current:</b>		
Lease liabilities	238	360
Hire purchase payables	1,766	924
Term loans	1,124	502
Banker acceptances	7,241	4,193
Trust receipts	5,211	-
	15,580	5,979
<b>Non-current:</b>		
Lease liabilities	478	471
Hire purchase payables	3,039	1,590
Term loans	461	1,350
	3,978	3,411
<b>Total bank borrowings</b>	<b>19,558</b>	<b>9,390</b>

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): Mutu Nusantara Sdn Bhd ("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. MNSB then filed a proof of debt to the Official Receiver as a creditor. Presently, private liquidator, Mr. Khor Yong Yong has been appointed for Montane and has also admitted MNSB's claim of RM1,037,969.99 against Montane.

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

**B9. Material litigation (cont'd)**

**(ii) Shah Alam High Court (Suit No. BA-22C-32-07/2023) MN Power Transmission Sdn Bhd "MPTSB" vs Bras Ventures Bhd "BVB"**

On 10 July 2023, MPTSB had filed a writ of summons and statement of claims at the Shah Alam High Court claiming for a total outstanding sum of RM1,051,012.50 from BVB, which derived from erection works for a project known as "Engineering, Procurement, Construction & Commissioning (EPCC) For The Development of Pengerang 275kV Overhead Transmission Line From Pengerang Cogen Plant (PCT) to Peninsular Malaysia Grid And 275/132kV Pengerang Substation".

On about 17 August 2023, BVB entered appearance in the said proceedings and filed a Notice to Produced Documents Referred in Pleading, requesting for documents referred in statement of claims for inspection. MPTSB then served a reply on 21 August 2023 for allowing BV to inspect the documents.

MNPTSB had on 6 October 2023 filed in the Reply to the Defence and Defence to the Counterclaim. In the Defence and Counterclaim filed by the BVB on 13 September 2023, BVB is claiming inter alia for damages against MNPTSB for alleged losses incurred by BVB caused by MNPTSB when carrying out works for the Project.

MNPTSB contended that BVB's counterclaim is inter alia time barred. In addition to the aforesaid, MNPT denies BVB's claim as BVB's alleged claims are inter alia without basis.

The matter has been fixed for Case Management on 16 April 2024 and fixed for full trial on 26 – 29 May 2025.

An impairment of RM175,859.00 and RM875,153.50 have been provided for the outstanding payment owing to MPTSB in FYE 2019 and FYE 2020, respectively.

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to the owners of the Company (RM'000)	3,923	2,581	8,079	3,776
Weighted average number of ordinary shares ('000)	408,822	408,750	408,822	408,750
Diluted number of ordinary shares ('000)	511,749	408,750	511,749	408,750
Basic EPS (sen) <sup>(1)</sup>	0.94	0.63	1.98	0.92
Diluted EPS (sen) <sup>(2)</sup>	0.77	0.63	1.58	0.92

**Notes:**

*N/A – Not applicable*

- (1) Basic EPS is calculated based on the numbers of ordinary shares of 408,821,978 (31 December 2022: 408,750,000).
- (2) Diluted EPS for the current quarter and year-to-date 31 December 2023 is calculated based on weighted average number of ordinary shares of 511,749,032 and year-to-date ended 31 December 2022 is calculated based on assumed number of shares in issue of 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	825	666	1,560	1,325
Depreciation of investment properties	3	3	7	7
Depreciation of right-of-use assets	60	104	120	205
Finance costs	445	127	644	232
Property, plant and equipment written-off	128	-	128	-
Net impairment losses on financial assets and contract assets	254	568	254	1,110
Share-based compensation expenses	1,174	-	1,174	-
Deposits recovered	-	-	(193)	(8)
Finance income	(11)	(44)	(22)	(52)
Rental income	(5)	(6)	(11)	(12)

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

**BY ORDER OF THE BOARD****MN HOLDINGS BERHAD****27 FEBRUARY 2024**