



# **MN HOLDINGS BERHAD**

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

**Interim Financial Report  
For the Quarter and Year-to-date Ended  
31 March 2024**



**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)
		31.3.2024	31.3.2023	31.3.2024	31.3.2023
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	51,112	45,779	181,184	113,840
Cost of sales		(39,312)	(35,957)	(145,696)	(90,909)
<b>Gross profit ("GP")</b>		<b>11,800</b>	<b>9,822</b>	<b>35,488</b>	<b>22,931</b>
Other income		726	631	1,328	778
Administrative expenses		(4,916)	(3,723)	(15,241)	(8,995)
Net reversal/(impairment) on financial assets and contract assets		23	(760)	(231)	(1,870)
Other expenses		(865)	(1,009)	(2,684)	(2,547)
<b>Profit from operations</b>		<b>6,768</b>	<b>4,961</b>	<b>18,660</b>	<b>10,297</b>
Finance costs		(185)	(144)	(829)	(376)
<b>Profit before tax ("PBT")</b>	B12	<b>6,583</b>	<b>4,817</b>	<b>17,831</b>	<b>9,921</b>
Income tax expense	B6	(1,748)	(1,223)	(4,803)	(2,553)
<b>Profit after tax/Total comprehensive income ("PAT")</b>		<b>4,835</b>	<b>3,594</b>	<b>13,028</b>	<b>7,368</b>
<b>Profit after tax / Total comprehensive income attributable to:</b>					
• Owners of the Company		4,700	3,696	12,778	7,472
• Non-controlling interests		135	(102)	250	(104)
		4,835	3,594	13,028	7,368
<b>Earnings per share attributable to owners of the Company</b>					
• Basic (sen) <sup>(2)</sup>	B11	1.12	0.90	3.09	1.83
• Diluted (sen) <sup>(3)</sup>	B11	0.84	0.77	2.40	1.67

**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.
- (2) Basic EPS for the current quarter and financial year-to-date ended 31 March 2024 is calculated based on the weighted average number of ordinary shares of 421,459,500 and 413,003,849 respectively (financial quarter and year-to-date ended 31 March 2023: 408,750,000 weighted average number of ordinary shares).
- (3) Diluted earnings per share of the Company for the current financial quarter and financial year-to-date ended 31 March 2024 is calculated based on the weighted average numbers of ordinary shares of 561,663,876 and 531,561,044 respectively (financial quarter and year-to-date ended 31 March 2023: 479,382,249 and 448,419,606 respectively).

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

	UNAUDITED	AUDITED
	As at 31.3.2024 RM'000	As at 30.6.2023 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,090	6,597
Right-of-use assets	668	848
Investment properties	586	598
Deferred tax assets	3,321	3,250
<b>Total non-current assets</b>	<b>11,665</b>	<b>11,293</b>
<b>Current Assets</b>		
Trade and other receivables	47,809	52,524
Contract assets	75,491	61,396
Short-term investment	1,132	1,103
Cash and cash equivalents	43,491	20,521
<b>Total current assets</b>	<b>167,923</b>	<b>135,544</b>
<b>TOTAL ASSETS</b>	<b>179,588</b>	<b>146,837</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	69,532	49,352
Merger deficit	(30,950)	(30,950)
ESOS reserve	1,174	-
Retained profits	65,305	52,528
	105,061	70,930
Non-controlling interest	405	155
<b>Total equity</b>	<b>105,466</b>	<b>71,085</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	3,268	2,061
Loans and borrowings	1,072	1,349
<b>Total non-current liabilities</b>	<b>4,340</b>	<b>3,410</b>
<b>Current liabilities</b>		
Trade and other payables	49,253	56,559
Contract liabilities	3,669	7,616
Loans and borrowings	11,890	4,696
Lease liabilities	1,987	1,284
Current tax liabilities	2,983	2,187
<b>Total current liabilities</b>	<b>69,782</b>	<b>72,342</b>
<b>TOTAL LIABILITIES</b>	<b>74,122</b>	<b>75,752</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,588</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>	445,275	408,752
<b>NET ASSETS PER SHARE (RM) <sup>(2)</sup></b>	0.24	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 445,275,300 shares (30 June 2023: 408,751,500 shares) in issue as at 31 March 2024.

**[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**

**MN HOLDINGS BERHAD**

Registration No.: 202001038774 (1395095-M)

Interim Financial Report For The Quarter and Year-to-date Ended 31 March 2024

**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>
Issuance of shares	19,431	-	-	-	19,431	-	19,431
Conversion of warrants	748	-	-	-	748	-	748
Employees' Share option expenses	-	-	1,174	-	1,174	-	1,174
Profit after taxation/Total comprehensive income for the financial year	-	-	-	12,778	12,778	250	13,028
<b>As at 31 March 2024 (Unaudited)</b>	<b>69,531</b>	<b>(30,950)</b>	<b>1,174</b>	<b>65,306</b>	<b>105,061</b>	<b>405</b>	<b>105,466</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	
	31.3.2024	31.3.2023
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	<b>17,831</b>	<b>9,921</b>
Adjustments for:		
Impairment losses on financial assets and contract assets	231	1,870
Depreciation of property, plant and equipment	2,355	2,277
Depreciation of right-of-use assets	179	259
Depreciation of investment properties	11	11
Deposit written-off	1	-
Share-based compensation expenses	1,174	-
Finance income	(33)	(85)
Finance costs	828	376
Operating profit before working capital changes	22,577	14,629
<b>Changes in working capital</b>		
Change in trade and other receivables and prepayments	10,283	2,505
Change in trade and other payables	(7,146)	9,250
Change in contract assets	(13,253)	(16,519)
Change in contract liabilities	(3,947)	(4,363)
Cash from operations	8,514	5,502
Net Income tax paid	(4,099)	(3,037)
Net cash generated from operating activities	<b>4,415</b>	<b>2,465</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment	(311)	(1,203)
Change in deposits pledged	(2,728)	(3,656)
Interest income received	33	85
Net cash used in investing activities	<b>(3,006)</b>	<b>(4,774)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(828)	(376)
Proceeds from conversion of warrants	748	-
Proceeds from issuance of shares pursuant to Private Placement	19,243	-
Proceeds from employee share option exercised	188	-
Net drawdown of loans and borrowings	1,571	3,798
Net repayment of lease liabilities	(2,060)	(1,983)
Net cash from financing activities	<b>18,862</b>	<b>1,439</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20,271</b>	<b>(870)</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>31,600</b>	<b>14,156</b>




---

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

	<b>YEAR-TO-DATE ENDED</b>	
	<b>31.3.2024</b>	<b>31.3.2023</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	13,023	7,530
Short-term investment	1,132	4,080
Cash and bank balances	30,468	10,076
	<hr/> 44,623	<hr/> 21,686
Less: Pledged deposits	(13,023)	(7,530)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<hr/> <b>31,600</b>	<hr/> <b>14,156</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.

**[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**

---

**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 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimate	1 January 2023
• Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	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



**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 except as follows:

Bonus issue of Warrants

On 8 March 2023, the Company has completed a bonus issue of 204,375,000 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders of the Group. The warrants are issued in registered form and constituted by a Deed Poll.

The salient terms of the Warrant are as follows:

- i. Each Warrant shall entitle the registered Warrant holders to subscribe for 1 new MNHB Share at any time during the Exercise Period of 5 years commencing from and inclusive of the date of the issuance of the Warrants;
- ii. The exercise price of the warrants is fixed at RM0.20 per warrant; and
- iii. The new ordinary shares to be issued upon the exercise of the Warrants shall rank equally in all respects with the existing MNHB ordinary shares.

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)**
**A7. Debt and equity securities (cont'd)**

The Warrants issued and exercised by registered warrant holders to new ordinary shares are as follows:

No. of warrants as at 1 July 2023	No. of warrants exercised	No. of warrants outstanding as at 31 March 2024
204,373,500	3,739,000	200,634,500

Employees' Shares Option Scheme ("ESOS")

On 31 October 2023, MNHB announced that the Group had made an offer of 10,000,000 options under the ESOS to eligible persons to subscribe for new shares in the Group.

The ESOS option granted and exercised by the eligible persons are as follows:

No. of ESOS options as at 31 October 2023	No. of ESOS options exercised	No. of ESOS options as at 31 March 2024
10,000,000	470,800	9,529,200

Private placements

On 29 February 2024, the Group has raised RM19.24 million from the via the issuance on 32,314,000 numbers of placement shares at RM 0.5955 per placement share from the proposed private placement.

As at 31 March 2024, the total number of issued shares of the Company was 445,275,300 ordinary shares.

**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.

**[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**

## 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 2024 is as follows:

#### Analysis of revenue by business segments

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Underground utilities engineering	23,198	25,027	74,574	63,226
Substation engineering	27,914	20,752	106,610	50,614
<b>Total</b>	<b>51,112</b>	<b>45,779</b>	<b>181,184</b>	<b>113,840</b>

#### Analysis of revenue by customers' industry

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Power	42,441	46,002	167,393	113,823
Gas	4,364	84	8,947	318
Sewerage	4,307	(307)	4,844	(301)
<b>Total</b>	<b>51,112</b>	<b>45,779</b>	<b>181,184</b>	<b>113,840</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.

### 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.

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

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.3.2024</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Performance guarantee extended to third parties	32,448	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:

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>31.3.2024</b>	<b>31.3.2023</b>	<b>31.3.2024</b>	<b>31.3.2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental paid or payable to a director	19	19	56	56
Professional fees to a firm in which a director has interest	-	-	14	-
Income from services rendered to a related company	(490)	-	(890)	-

**[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**

## 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	
	31.3.2024	31.3.2023	RM'000	%
	RM'000	RM'000		
Revenue	51,112	45,779	5,333	12
PBT	6,583	4,817	1,766	37

The Group recorded a revenue of RM51.11 million for the current financial quarter ended 31 March 2024 ("**3Q2024**") compared with RM45.78 million for the previous financial quarter of 31 March 2023 ("**3Q2023**"), which represents an increase of RM5.33 million or 12% 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 46% and 54% of the total revenue in 3Q2024 respectively. The overall increase in revenue was mainly contributed from the substation engineering segment, which increased from RM20.75 million in 3Q2023 to RM27.91 million in 3Q2024, an increase of RM7.16 million or 35% on a y-o-y basis.

The Group registered a profit before tax of RM6.58 million in 3Q2024, showing an increase of RM1.76 million increase compared to the RM4.82 million profit before tax recorded in 3Q2023.

The Group achieved a Profit After Tax ("**PAT**") of RM4.83 million in the current financial quarter, an increase of 35% compared with RM3.59 million PAT in the corresponding quarterly period of the previous year.

The increase revenue and profit of the Group primarily attributed to higher progress in construction activities from the substation engineering segment. 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.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

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

	YEAR-TO-DATE ENDED		Variance	
	31.3.2024	31.3.2023	RM'000	%
	RM'000	RM'000		
Revenue	181,184	113,840	67,344	59
PBT	17,831	9,921	7,910	80

The Group recorded a revenue of RM181.18 million for the financial year-to-date ended 31 March 2024 compared with RM113.84 million for the preceding financial year-to-date ended 31 March 2023, an increase of RM67.34 million or 59% y-o-y basis.

The Group's revenue was derived from the underground utilities engineering segment and substation engineering segment, which accounted for 41% and 59% of the total revenue for the year-to-date financial period ended 31 March 2024 respectively. The overall increase in revenue for the Group is mainly contributed from substation engineering segment, which increased from RM50.61 million in the financial year-to-date 31 March 2023 to RM106.61 million in financial year-to-date ended 31 March 2024, marking an increase of RM56.00 million or an increase of 111% on a y-o-y basis.

The Group registered a PBT of RM17.83 million in financial year-to-date ended 31 March 2024, an increase of RM7.91 million from RM9.92 million in the previous corresponding period.

The increase in PBT was attributable to an increase in gross profit of the Group from RM22.93 million to RM35.49 million, or an increase of RM12.56 million which then offset by the increase in administrative expenses from RM9.00 million to RM15.24 million.

Inclusive in the financial year-to-date ended 31 March 2024 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 March 2024 and financial year-to-date ended 31 March 2023 amounting RM 0.23 million and RM 1.87 million respectively. The normalised profit before tax after adjusting these one-off expenses would be RM 19.24 million and RM 11.79 million respectively, representing an increase of 63% on a y-o-y basis.

The Group registered a PAT of RM13.03 million in the year-to-date ended 31 March 2024 compared with RM7.37 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	
	31.3.2024	31.12.2023	RM'000	%
	RM'000	RM'000		
Revenue	51,112	74,923	(23,811)	(32)
PBT	6,583	5,671	912	16

The Group recorded a revenue of RM51.11 million in the 3Q2024 as compared to RM74.92 million in the preceding quarter ended 31 December 2023 ("2Q2024"), representing a decrease of RM23.81 million or 32% on a quarter-on-quarter ("q-o-q") basis. The decrease in revenue compared with 2Q2024 is mainly derived from the substation engineering segment, which has decreased from RM48.61 million in 2Q2024 to RM27.70 million in the 3Q2024, down by 43% on a q-o-q basis. The decrease in the substation engineering segment was primarily due to substantial progress on solar-related projects in 2Q2024, as majority of these projects were completed by the end of that quarter.

The Group registered a PBT of RM6.58 million in the 3Q2024, an increase of RM0.91 million or 16% on a q-o-q basis from a PBT of RM5.57 million recorded in the 2Q2024. Whilst the overall revenue for the Group has decreased on a q-o-q basis but the PBT of the group has increased mainly due to gross profit of certain major projects that was undertaken under the substation engineering segment which has a higher gross profit margin compared to the preceding quarters. Hence the Group was able to achieve a higher PBT compared to the preceding quarters.

### B3. Prospects and outlook

Malaysia government had committed to net-zero emissions as early as year 2050. TNB has also committed to accelerate a responsible Energy Transition, through various initiatives and programmes. One of the major initiatives introduced was the National Energy Transition Roadmap (NETR) during The Energy Transition Conference 2023. In support of the energy transition, the government expanded the Corporate Green Power Programme by an additional 200MW bringing the total quota to 800MW. Fifth Large Scale Solar ("LSS5") also opened for application with total quota up to 2GW. Total estimated engineering, procurement, construction and commission works from the LSS5 amounting to RM7 billion.

Furthermore, there has been a significant increase in electricity consumption from data centres, reflecting the growing energy needs of the digital economy. The Group had built up strong reputation through its successful track record with past projects, and benefiting from the booming of this industry. Initiatives from TNB such as Green Lane Pathway which expedite the electricity connections and respective upgrade of distribution network infrastructures, are expected to further boost the Group's prospects.

Peninsular Malaysia's natural gas distribution system is under the purview of Gas Malaysia Berhad. In 2023, Gas Malaysia invested approximately RM218.9 million in capital expenditure, primarily directed towards expanding the natural gas distribution network. (Source: Annual Report 2023; Gas Malaysia Berhad) These capital investments are focused on enhancing and enlarging the natural gas distribution system across Peninsular Malaysia, which will further contribute to the gas projects undertake under the underground utilities segment of the Group.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)****B3. Prospects and outlook (cont'd)**

Water and sewerage constitute fundamental utilities essential for all new development endeavours. Moreover, the upkeep and replacement of aging water and sewerage pipelines are imperative. Consequently, companies specializing in underground utilities engineering services stand to gain from capital investments directed towards the design, construction, installation, repair, and maintenance of water and sewerage infrastructure. The escalating demand for clean, treated water is compounded by climate fluctuations, intensifying pressure on Malaysia's water resources. The Group envisaged reasonable growth opportunities in water and sewerage capital expenditure carried out by major utility providers in the sector.

As of the report date, the Group's order book totals RM447.58 million. These secured contracts are expected to contribute to the Group's earnings over the next two to three financial years, barring any unexpected events. In overall, the Group maintains confidence and resilience in its outlook for future opportunities and continued growth.

**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. Private Placement**

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

On 2 February 2024, Bursa Securities had approved the listing and quotation of up to 73,583,700 new Shares ("Placement Share(s)") to be issued pursuant to the Private Placement.

On 19 February 2024, M&A Securities Sdn Bhd had, on behalf of the Board, announced that the issue price of the Placement Shares has been fixed 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 of RM0.6612 per Share.

The first tranche of the Private Placement exercise was successfully completed following the issuance of 32,314,000 Placement Shares at the issue price of RM0.5955 per share which were listed and quoted on the ACE Market of Bursa Securities on 1 March 2024. The Private Placement has raised total gross proceeds of RM19.24 million. Details on the utilisation of the proceeds raised from the Private Placement are disclosed in paragraph B7 below.

On 21 May 2024, M&A Securities Sdn Bhd had, on behalf of the Board, announced that the second tranche issue price of the Private Placement has been fixed at RM0.7173 per Placement Share, which represents a discount of approximately RM0.0795 or 9.98% from the 5-day volume weighted average market price of the Company from 14 May 2024 to 20 May 2024 of RM0.7968 per share.



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

### B6. Income tax expenses

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense <sup>(1)</sup>	1,742	1,405	4,858	3,002
Deferred tax expense	6	(182)	(55)	(449)
<b>Total tax expense</b>	<b>1,748</b>	<b>1,223</b>	<b>4,803</b>	<b>2,553</b>
Effective tax rate (%) <sup>(2)</sup>	26.56	25.39	26.94	25.73
Statutory tax rate (%)	24.00	24.00	24.00	24.00

#### Notes:

- (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

#### l) 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
	RM'000	RM'000		
Purchase of machinery and equipment	1,720	1,720	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>17,168</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)

### B7. Utilisation of proceeds (cont'd)

#### II) From the Private Placement

The gross proceeds raised from the private placement amounted to RM19.24 million. As at the date of this report, the utilisation of proceeds from the Private Placement is as follows:-

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Estimated timeframe for utilisation
Working capital requirements	18,740	8,127	N/A	Within 24 months
Private placement expenses	503	173	N/A	Immediately
	<b>19,243</b>	<b>8,300</b>	<b>N/A</b>	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Company's Circular to Shareholders in relation to the Private Placement dated 16 January 2024.

### B8. Bank borrowings

The Group's bank borrowings were as follows:

	UNAUDITED As at 31.3.2024 RM'000	AUDITED As at 30.6.2023 RM'000
<b>Current:</b>		
Lease liabilities	240	360
Hire purchase payables	1,747	924
Term loans	399	503
Banker acceptances	7,817	4,193
Trust receipts	3,674	-
	<b>13,877</b>	<b>5,980</b>
<b>Non-current:</b>		
Lease liabilities	417	471
Hire purchase payables	2,851	1,590
Term loans	1,072	1,349
	<b>4,340</b>	<b>3,410</b>
<b>Total bank borrowings</b>	<b>18,217</b>	<b>9,390</b>

All 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): 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.

**(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.

## 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" (cont'd)

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 26 June 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.

### 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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit attributable to the owners of the Company (RM'000)	4,700	3,696	12,778	7,472
Weighted average number of ordinary shares ('000)	421,460	408,750	413,004	408,750
Diluted number of ordinary shares ('000)	561,664	479,382	531,561	448,420
Basic EPS (sen) <sup>(1)</sup>	1.12	0.90	3.09	1.83
Diluted EPS (sen) <sup>(2)</sup>	0.84	0.77	2.40	1.67

#### Notes:

N/A – Not applicable

(1) Basic EPS for the current quarter and financial year to date 31 March 2024 is calculated based on the numbers of ordinary shares of 421,459,500 and 413,003,849 respectively (financial quarter and year to date ended 31 March 2023: 408,750,000).

(2) Diluted EPS for the current quarter and year-to-date 31 March 2024 is calculated based on weighted average number of ordinary shares of 561,663,876 and 531,561,044 respectively (financial quarter and year to date ended 31 March 2023: 479,382,249 and 448,419,606 respectively).

**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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	795	919	2,355	2,277
Depreciation of investment properties	4	4	11	11
Depreciation of right-of-use assets	60	86	179	259
Finance costs	185	144	828	376
Property, plant and equipment written-off	-	-	128	-
Net impairment (reversal)/losses on financial assets and contract assets	(23)	760	231	1,870
Share-based compensation expenses	-	-	1,174	-
Deposits recovered	(59)	-	(252)	(75)
Finance income	(11)	(34)	(33)	(85)
Rental income	(6)	(6)	(18)	(18)

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 MAY 2024