

CABNET HOLDINGS BERHAD
Registration No: 201401045803 (1121987-D)
(Incorporated in Malaysia)

NOTES TO THE INTERIM REPORT FOR THE 3-MONTHS FINANCIAL YEAR ENDED 29 FEBRUARY 2024

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT

A1 Basis of Preparation

This condensed consolidated interim financial statement (“Condensed Report”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

As announced on 14 July 2022, the financial year end of the Group has been changed from 31 December 2022 to 28 February 2023. As such, there will be no comparative financial information available for the preceding year corresponding periods.

This Condensed Report should be read in conjunction with the audited financial statements for the financial period ended (“FPE”) 28 February 2023. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the FPE 28 February 2023.

A2 Significant Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the audited financial statements for the FPE 28 February 2023, except for the adoption of the followings:

MFRS, Amendments to MFRS and Interpretation
<p><u>Effective from 1 January 2023</u></p> <ul style="list-style-type: none">• MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts• Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current• Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates• Amendments to MFRS 112 Income Taxes – Deferred Tax Related Assets and Liabilities Arising from a Single Transaction <p><u>Effective from 1 January 2024</u></p> <ul style="list-style-type: none">• Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback• Amendments to MFRS 101, ‘Presentation of Financial Statements’ – Non-current Liabilities with Covenants

The adoption of the above pronouncements does not have any material financial impact to the Group.

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A3 Auditors’ Report of preceding annual financial statements

The preceding year’s audited financial statements of the Group did not contain any qualification.

A4 Seasonal or Cyclical Factors Affecting Operations

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter and financial period under review.

A6 Material Changes in Estimates

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

A7 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchase, resale or repayment of debts and securities during the financial quarter and financial period under review.

A8 Dividends paid

No dividend has been paid during the current quarter under review.

A9 Segmental Reporting

(i) Operating Segments

Information about operating segments has not been reported separately as the Group activities are mainly confined to a single operating segment predominantly operates in Malaysia. The Group is principally involved in the provision of mechanical and electrical engineering services, structured cabling works, ELV systems and ICT services.

(ii) Geographical Segment

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

A10 Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the end of the current financial period up to the date of this report that have not been reflected in this interim financial report.

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A11 Changes in the Composition of the Group

There were no changes in the composition of the Group in the current financial quarter and financial period under review.

A12 Contingent Liabilities and Contingent Assets

As at 31 May 2023, save as disclosed below, the Group has no pending material contingent liabilities that, upon becoming enforceable, may have a material impact on our financial performance and or position.

	As at 31 May 2023
	RM’000
Guarantees given to third parties in relation to contracts and trade performance	17,957

The guarantees are tender bonds (on submission of tender) and performance bond (upon award of contracts). To date, our Group has not experienced any enforcement of guarantees arising from non-performance of projects.

The Group has no contingent assets as at 31 May 2023.

A13 Capital Commitment

There were no material capital commitments for the Group as at 31 May 2023.

A14 Significant related party transactions

There were no significant related party transactions in the current financial period under review.

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NOTES TO THE INTERIM REPORT FOR THE 3-MONTHS FINANCIAL YEAR ENDED 29 FEBRUARY 2024

PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance

The Group had changed its financial year end from 31 December 2022 to 28 February 2023. As such, there will be no comparative financial information available for the preceding year corresponding quarter/period.

	Current quarter 3-months ended 31 May 2023 RM'000	Current period ended 31 May 2023 RM'000
<u>Revenue</u>		
Construction contracts	19,334	19,334
Sales of goods and services	4,932	4,932
Total	24,266	24,266

Group revenue for the current quarter and period ended 31 May 2023 reported at RM24.27 million. The Group reported profit before tax for the current quarter and period ended 31 May 2023 of RM0.22 million.

B2 Material Changes in Profit/(Loss) before Taxation for the Current Quarter with Immediate Preceding Quarter

	Current Quarter Ended 31 May 2023 RM'000	Preceding Quarter Ended 28 February 2023 RM'000
Revenue	24,266	18,535
Profit/(Loss) before tax	224	929

For the current financial quarter ended 31 May 2023, the Group revenue increase by approximately RM5.73 million as compared to the preceding quarter ended 28 February 2023. It was mainly due to additional of 1 month's result consolidate in current financial quarter because of changed in financial year ended.

The Group reported lower profit before tax of RM0.22 million for the current financial quarter mainly due to drop in gross profit recorded, higher of selling and administrative expenses and finance cost as compared to preceding quarter due to the current financial quarter inclusive of additional 1 month's result.

B3 Prospects Commentary for the financial year ending 29 February 2024

The Board anticipates operating environment continues to remain challenging in the short and medium-term as a result of rising cost of materials resulting from inflation and the uptrend in interest rate.

The Board is keeping a positive view of the Group performance for the FYE 29 February 2024, in view of order book reported at approximately RM203 million as of current quarter ended 31 May 2023. The Group will continue its effort to pursue for viable projects and create sustainable growth of order book, explore new market segment and opportunities to improve the Group's performance.

The Board reassure that all necessary precautions and pragmatic approach shall continue in placed in its strategic and operational planning to strengthen its existing business and improved operational efficiency.

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B4 Variance of Actual Profit from Forecast Profit & Shortfall on Profit Guarantee

There is no profit forecast prepared for public release and no profit guarantee provided by the Group for the current financial period.

B5 Taxation

	Quarter ended 31.05.2023	Year-to-date 31.05.2023
	RM'000	RM'000
Income tax:		
- current period	(196)	(196)
	(196)	(196)
Deferred tax income	68	68
Tax expense	(128)	(128)

The Group's effective tax rate for the current financial quarter and financial period is higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for income tax purpose.

B6 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 July 2023 being a date not earlier than 7 days from the date of issue of this quarterly report.

B7 Group Borrowings and Debt Securities

As at 31 May 2023, our Group's total outstanding borrowings, all of which are interest-bearing, were as follows:

	RM'000
(a) Short-term debt	
<u>Secured and guaranteed</u>	
Bankers' acceptance	6,561
Finance lease liabilities	686
Structured Commodity Financing-i	5,485
Term loans	404
Total short-term debt	13,136
(b) Long-term debt	
<u>Secured and guaranteed</u>	
Finance lease liabilities	1,176
Term loans	3,853
Total long-term debt	5,029
Total loans and borrowings	18,165

All the above borrowings are denominated in Ringgit Malaysia.

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B8 Changes in Material Litigation

There is no other pending material litigation as at 20 July 2023 being a date not earlier than 7 days from the date of this quarterly report.

B9 Dividend

No dividend has been declared, recommended or paid during the quarter under review.

B10 Earnings per Share

The basic and diluted loss per share are calculated as follows:

	Quarter ended 31.05.2023	Year-to-date 31.05.2023
Earnings for the period attributable to ordinary holders of the Company (RM'000)	96	96
Weighted average number of ordinary shares in issue ('000)	178,750	178,750
Earnings per share (Basic & Diluted) (sen)	0.05	0.05

B11 Derivative

The Group did not enter any derivative during the current quarter under review.

B12 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit and loss for the current quarter under review.

B13 Authorised for issue

This interim financial statement was authorised by the Board of Directors in accordance with the resolution of the Directors on 27 July 2023.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010
Company Secretary
Johor Bahru
Date: 27 July 2023
c.c. Securities Commission