

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

NOTES TO THE INTERIM REPORT FOR THE 12-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 year 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 year 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 year 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 year 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 year under review.

A12 Contingent Liabilities and Contingent Assets

As at 29 February 2024, save as disclosed below, the Group and the Company has no pending material contingent liabilities that, upon becoming enforceable, may have a material impact on our financial performance and or position.

	As at 29 February 2024
	RM’000
<u>Secured</u>	
Bank guarantees given to third parties in relation to contracts and trade performance	15,085
<u>Unsecured</u>	
Corporate guarantees given by the Company to licensed banks and suppliers in relation to credit facilities – current exposure	16,742

The bank 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 29 February 2024.

A13 Capital Commitment

Capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 29 February 2024 was as follow:

	As at 29 February 2024
	RM’000
Purchase of property, plant and equipment	4,688

A14 Significant related party transactions

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

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NOTES TO THE INTERIM REPORT FOR THE 12-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 ended 29 February 2024	Current year 12-months ended 29 February 2024
	RM'000	RM'000
<u>Revenue</u>		
Construction contracts	53,677	173,964
Sales of goods and services	7,860	24,707
Total	61,537	198,671

Group revenue for the current quarter and year ended 29 February 2024 reported at RM61.54 million and RM198.67 million respectively. The Group reported profit before tax for the current quarter and year ended 29 February 2024 of RM1.27 million and RM5.74 million respectively.

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

	Current Quarter Ended 29 February 2024 RM'000	Preceding Quarter Ended 30 November 2023 RM'000
Revenue	61,537	61,204
Profit before tax	1,269	2,747

For the current financial quarter ended 29 February 2024, the Group revenue increased by approximately RM0.33 million as compared to the preceding quarter ended 30 November 2023. It was collectively due to continuous high revenue contribution from construction contracts whilst increase of customer order for goods and services. Increase of customer order mainly because of the effectiveness of additional 2% service tax starting 1 March 2024, therefore some client decided to bring forward their services orders and refrain extra cost.

The Group reported a lower profit before tax of RM1.27 million for the current financial quarter. This is mostly due to higher impairment provision for overdue receivables and slow-moving inventories, as well as written off contract assets upon project account settlement. Besides, several projects profit margins were revised downward because of increased budget cost to take in completion schedule prolongation impact. Consequently, current financial quarter profit decrease by RM1.48 million as compared to the preceding quarter ended 30 November 2023.

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B3 Prospects Commentary for the financial year ending 28 February 2025

The Board anticipates operating environment continues to remain challenging in view of increasing tension of global geopolitical uncertainties, operating costs remain at high side while Malaysian Ringgit remains weak against major foreign currencies.

Nonetheless, the Board is keeping a positive view of the Group performance for the FYE 28 February 2025, in view of order book on hand remains strong as of current quarter ended 29 February 2024, reported at approximately RM106 million. 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.

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 year.

B5 Taxation

	Quarter ended 29.02.2024	Year-to-date 29.02.2024
	RM'000	RM'000
Income tax:		
- current year	(670)	(2,130)
- overprovision in prior year	49	85
	(621)	(2,045)
Deferred tax expense	(177)	(115)
Tax expense	(798)	(2,160)

The Group's effective tax rate for the current financial quarter and for the current financial year are higher than statutory tax rate of 24% mainly due to certain expense are not tax-deductible and unrecognition of deferred tax asset for certain subsidiaries' unutilised business loss.

B6 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 22 April 2024 being a date not earlier than 7 days from the date of issue of this quarterly report.

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B7 Group Borrowings and Debt Securities

As at 29 February 2024, our Group's total outstanding borrowings, all of which are interest-bearing, were as follows:

	RM'000
(a) Short-term borrowings	
<u>Secured</u>	
Bankers' acceptance	6,513
Finance lease liabilities	572
Structured Commodity Financing-i	3,882
Term loans	410
<u>Unsecured</u>	
Finance lease liabilities	29
Total short-term borrowings	11,406
(b) Long-term borrowings	
<u>Secured</u>	
Finance lease liabilities	868
Term loans	3,576
<u>Unsecured</u>	
Finance lease liabilities	13
Total long-term borrowings	4,457
Total borrowings	15,863

All the above borrowings are denominated in Ringgit Malaysia.

B8 Changes in Material Litigation

There is no pending material litigation as at 22 April 2024 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.

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B10 Earnings per Share

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

	Quarter ended 29.02.2024	Year-to-date 29.02.2024
Earnings for the period attributable to ordinary holders of the Company (RM'000)	471	3,581
Weighted average number of ordinary shares in issue ('000)	178,750	178,750
Earnings per share (Basic & Diluted) (sen)	0.26	2.00

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 29 April 2024.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010
Company Secretary
Johor Bahru
Date: 29 April 2024
c.c. Securities Commission