

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

NOTES TO THE INTERIM REPORT FOR THE 6-MONTHS FINANCIAL YEAR ENDED 28 FEBRUARY 2025

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”).

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended (“FYE”) 29 February 2024. 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 FYE 29 February 2024.

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 FYE 29 February 2024, except for the adoption of the followings:

MFRS, Amendments to MFRS and Interpretation
<p><u>Effective from 1 January 2024</u></p> <ul style="list-style-type: none">• Amendments to MFRS 16, Lease Liability in a Sale and Leaseback• Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current• Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants• Amendments to MFRS 107 and MFRS 7, Supplier Finance Agreements <p><u>Effective from 1 January 2025</u></p> <ul style="list-style-type: none">• Amendment to MFRS 121, Lack of Exchangeability <p><u>Effective date yet to be confirmed</u></p> <ul style="list-style-type: none">• Amendments to MFRS 10 and MFRS 128, Sales or Contribution of between an Investor and its Associate or Joint Venture

The adoption of the above pronouncements will have no material 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 August 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 31 August 2024
	RM’000
<u>Secured</u>	
Bank guarantees given to third parties in relation to contracts and trade performance	2,959
<u>Unsecured</u>	
Corporate guarantees given by the Company to licensed banks and suppliers in relation to credit facilities – current exposure	17,567

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 31 August 2024.

A13 Capital Commitment

Capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 August 2024 was as follow:

	As at 31 August 2024
	RM’000
Purchase of property, plant and equipment	10,926

A14 Significant related party transactions

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

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

B1 Review of Performance

Comparison of the current year quarter to preceding year corresponding quarter

	Current year quarter ended 31 August 2024 RM'000	Preceding year quarter ended 31 August 2023 RM'000
<u>Revenue</u>		
Construction contracts	32,289	45,460
Sales of goods and services	7,594	6,204
Total	39,883	51,664

Our Group's revenue reported lower by RM11.78 million for current financial quarter, primarily due to reduce in contribution from construction contracts activities as result of lesser progress when near project completion, which recorded RM32.29 million as compared to RM45.46 million for preceding year corresponding quarter.

With the lower revenue recorded, our Group recorded gross profit reduced to RM3.43 million for current financial quarter as compared to RM4.04 million in the preceding year corresponding quarter.

On the other hand, current financial quarter reported other income lesser by RM1.32 million to RM0.16 million as compared to RM1.48 million for preceding year corresponding quarter mainly due to the one-off gain from fair value changes on deferred consideration recorded in preceding year corresponding quarter.

Collectively to above, our Group reported lower profit before tax for the current quarter of RM0.48 million as compared to RM1.50 million for preceding year corresponding quarter.

Comparison of current year to-date to preceding year

	Current year-to-date 31 August 2024 RM'000	Preceding year-to-date 31 August 2023 RM'000
<u>Revenue</u>		
Construction contracts	68,723	64,794
Sales of goods and services	14,860	11,136
Total	83,583	75,930

Our Group's revenue reported higher by RM7.65 million for current financial period as result of better overall contribution from all activities. In view of higher revenue recorded and improvement on gross profit margin, our Group recorded gross profit of RM8.32 million for current financial period as compared to RM7.11 million in the preceding year corresponding period.

Despite lower other income recorded for current financial period, our Group's profit before tax rose to RM2.38 million as compared to RM1.73 million for preceding year corresponding period. The increase was attributable to higher revenue and gross profit recorded and coupled with lower selling and administrative expenses, impairment loss on financial instruments and finance costs.

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

	Current Quarter Ended 31 August 2024 RM'000	Preceding Quarter Ended 31 May 2024 RM'000
Revenue	<u>39,883</u>	<u>43,700</u>
Profit before tax	<u>475</u>	<u>1,903</u>

For the current financial quarter ended 31 August 2024, our Group recorded revenue decreased by approximately RM3.82 million as compared to the preceding quarter ended 31 May 2024 mainly due to ramping down of project's progress at Northern region, hence lower revenue contribution from construction contracts activities.

The Group reported lower profit before tax of RM0.48 million for the current financial quarter mostly because of lower revenue recorded and reduction in gross profit margin. Reduction in gross profit margin was mainly because of revision upward of a project budgeted cost as result of projects prolongation.

B3 Prospects Commentary for the financial year ending 28 February 2025

The Group is encouraged by the on-going development in Malaysia Peninsular especially Southern region. In view of the effect of Johor Bahru–Singapore Rapid Transit System (“RTS”) project progress, there will be more investment and development at southern region to build new apartment, setting up of factory and new data centre. This is an opportunity for the Group as it creates demand for the M&E, ELV and ICT services.

Additionally, with the trend of moving toward digital transformation, we believe our Group will be benefited due to increase market demand for upgrade ICT infrastructure and system to enhance organisation cybersecurity as well as ensure ICT systems availability as part of business continuity planning during unplanned event. As such the Group will remain focused on its core business for the coming years and shall do its best in securing viable projects to create sustainable growth of order book and improve the Group's performance.

As of current quarter ended 31 August 2024, the order book on hand reported at approximately RM120 million.

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.

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B5 Taxation

	Quarter ended 31.08.2024	Year-to-date 31.08.2024
	RM'000	RM'000
Income tax:		
- current year	(244)	(836)
	(244)	(836)
Deferred tax income	78	86
Tax expense	(166)	(750)

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.

B6 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 22 October 2024 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 August 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	9,376
Finance lease liabilities	560
Structured Commodity Financing-i	1,902
Term loans	429
<u>Unsecured</u>	
Finance lease liabilities	23
Total short-term borrowings	12,290
(b) Long-term borrowings	
<u>Secured</u>	
Finance lease liabilities	579
Term loans	3,353
<u>Unsecured</u>	
Finance lease liabilities	11
Total long-term borrowings	3,943
Total borrowings	16,233

All the above borrowings are denominated in Ringgit Malaysia.

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B8 Changes in Material Litigation

There is no pending material litigation as at 22 October 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.

B10 Earnings per Share

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

	Quarter ended 31.08.2024	Year-to-date 31.08.2024
Earnings for the period attributable to ordinary holders of the Company (RM'000)	309	1,628
Weighted average number of ordinary shares in issue ('000)	178,750	178,750
Earnings per share (Basic & Diluted) (sen)	0.17	0.91

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 October 2024.

By Order of the Board,

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