

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

NOTES TO THE INTERIM REPORT FOR THE 9-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 30 November 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 30 November 2024
	RM’000
<u>Secured</u>	
Bank guarantees given to third parties in relation to contracts and trade performance	3,527
<u>Unsecured</u>	
Corporate guarantees given by the Company to licensed banks and suppliers in relation to credit facilities – current exposure	16,325

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 30 November 2024.

A13 Capital Commitment

Capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 November 2024 was as follow:

	As at 30 November 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 30 November 2024	Preceding year quarter ended 30 November 2023
	RM'000	RM'000
<u>Revenue</u>		
Construction contracts	19,358	55,493
Sales of goods and services	7,308	5,711
Total	<u>26,666</u>	<u>61,204</u>

Our Group's revenue reported lower by RM34.54 million for current financial quarter, primarily due to reduce in contribution from construction contracts activities, which recorded RM19.36 million as compared to RM55.49 million for preceding year corresponding quarter. Nonetheless, contribution from sales of goods and services is stronger due to increasing market demand at Johor region.

With the lower revenue recorded, our Group recorded gross profit reduced to RM4.21 million for current financial quarter as compared to RM5.98 million in the preceding year corresponding quarter.

As result, our Group reported lower profit before tax for the current quarter of RM1.27 million as compared to RM2.75 million for preceding year corresponding quarter.

Comparison of current year to-date to preceding year

	Current year-to-date 30 November 2024	Preceding year-to-date 30 November 2023
	RM'000	RM'000
<u>Revenue</u>		
Construction contracts	88,081	120,287
Sales of goods and services	22,168	16,847
Total	<u>110,249</u>	<u>137,134</u>

Our Group's revenue reported lower by RM26.89 million for current financial period as result of reduce in contribution from construction contracts activities. In view of lower revenue recorded, our Group recorded gross profit of RM12.53 million for current financial period as compared to RM13.09 million in the preceding year corresponding period.

The Group's profit before tax reported lower at RM3.65 million as compared to RM4.47 million for preceding year corresponding period primarily due to lower gross profit as well as other income recorded for current financial period.

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

	Current Quarter Ended 30 November 2024 RM'000	Preceding Quarter Ended 31 August 2024 RM'000
Revenue	<u>26,666</u>	<u>39,883</u>
Profit before tax	<u>1,267</u>	<u>475</u>

For the current financial quarter ended 30 November 2024, our Group recorded revenue decreased by approximately RM13.22 million as compared to the preceding quarter ended 31 August 2024 mainly due to ramping down of project's progress at Northern region, hence lower revenue contribution from construction contracts activities. Nonetheless, contribution from sales of goods and services remain strong due to increasing market demand at Johor region.

The Group reported higher profit before tax of RM1.27 million for the current financial quarter despite of lower revenue recorded mostly because of higher profit margin and higher other income derive from disposal of assets.

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 as well as the Malaysia and Singapore have inked the Johor-Singapore Special Economic Zone (JS-SEZ) agreement aiming to foster greater economic collaboration between both countries, the Board anticipated there will be more investment and development at southern region which shall create demand for the M&E, ELV and ICT services.

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 30 November 2024, the order book on hand reported at approximately RM140 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 30.11.2024	Year-to-date 30.11.2024
	RM'000	RM'000
Income tax:		
- current year	(243)	(1,079)
- overprovision in prior year	(106)	(106)
	(349)	(1,185)
Deferred tax income	11	97
Tax expense	(338)	(1,088)

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 17 November 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 30 November 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	7,106
Finance lease liabilities	728
Structured Commodity Financing-i	2,981
Term loans	435
<u>Unsecured</u>	
Finance lease liabilities	137
Total short-term borrowings	11,387
(b) Long-term borrowings	
<u>Secured</u>	
Finance lease liabilities	470
Term loans	3,244
<u>Unsecured</u>	
Finance lease liabilities	219
Total long-term borrowings	3,933
Total borrowings	15,320

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 17 November 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 30.11.2024	Year-to-date 30.11.2024
Earnings for the period attributable to ordinary holders of the Company (RM'000)	929	2,557
Weighted average number of ordinary shares in issue ('000)	178,750	178,750
Earnings per share (Basic & Diluted) (sen)	0.52	1.43

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 24 January 2025.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010
Company Secretary
Johor Bahru
Date: 24 January 2025
c.c. Securities Commission