

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2020

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2020 RM'000	Preceding year corresponding quarter 31 December 2019 RM'000	Current year to date 31 December 2020 RM'000	Preceding year corresponding period 31 December 2019 RM'000
Revenue	10,196	N/A	10,196	N/A
Cost of Sales	(6,736)	N/A	(6,736)	N/A
Gross Profit	3,460	N/A	3,460	N/A
Other Operating Income	100	N/A	100	N/A
Operating Expenses	(2,468)	N/A	(2,468)	N/A
Depreciation and amortization	(156)	N/A	(156)	N/A
Operating Profit	936	N/A	936	N/A
Share of associate's results	150	N/A	150	N/A
Finance cost	(94)	N/A	(94)	N/A
Profit Before Tax	992	N/A	992	N/A
Taxation	(315)	N/A	(315)	N/A
Profit After Tax	677	N/A	677	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive profit	677	N/A	677	N/A
Profit attributable to :				
Equity holders of the Company	563	N/A	563	N/A
Non-controlling interests	114	N/A	114	N/A
	677	N/A	677	N/A
Total comprehensive profit attributable to :				
Equity holders of the Company	563	N/A	563	N/A
Non-controlling interests	114	N/A	114	N/A
	677	N/A	677	N/A
Weighted average no. of ordinary shares in issue ('000)	5,072,361	N/A	5,072,361	N/A
Earnings per share (sen):-				
a) Basic	0.01	N/A	0.01	N/A

^ As at 31 December 2020, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM748,000.

The Group's share of profit is based on 20% of equity in Cekap Air Sdn Bhd.

- (i) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (ii) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 30 September 2020 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	As at 31 December 2020 (Unaudited) RM'000	As at 30 September 2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,083	6,143
Right-of-use assets	218	319
Investment in Associate Company	18,020	17,870
Intangible Assets - Goodwill on consolidation	47,044	47,044
Other receivables	2,798	2,798
	<u>74,163</u>	<u>74,174</u>
Current assets		
Inventories	4,823	3,697
Receivables	20,023	21,302
Contract Assets	2,930	1,970
Amount owing by Associate Company	3,396	3,314
Tax recoverable	82	82
Fixed Deposits with licensed banks	3,911	3,873
Short-term money market deposit	3,000	1,000
Cash And Cash Equivalents	21,829	25,717
	<u>59,994</u>	<u>60,955</u>
Total Assets	<u><u>134,157</u></u>	<u><u>135,129</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	198,035	198,035
Warrants reserve	9,939	9,939
Other reserves	(13,738)	(13,738)
Accumulated losses	(72,052)	(72,615)
	<u>122,184</u>	<u>121,621</u>
Non-controlling interests	1,219	1,105
Total equity	<u><u>123,403</u></u>	<u><u>122,726</u></u>
Non-current liabilities		
Borrowings	1,482	1,514
Lease liabilities	89	198
Deferred tax liabilities	425	425
	<u>1,996</u>	<u>2,137</u>
Current liabilities		
Payables	4,040	4,892
Contract liabilities	728	874
Lease liabilities	203	233
Amount due to director	15	15
Borrowings	963	128
Bank overdraft	1,985	3,235
Provision for taxation	824	889
	<u>8,758</u>	<u>10,266</u>
Total liabilities	<u><u>10,754</u></u>	<u><u>12,403</u></u>
Total equity and liabilities	<u><u>134,157</u></u>	<u><u>135,129</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.02</u>	<u>0.02</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FPE 30 September 2020 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2020**

	Current year to date 31 December 2020 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit Before Taxation	992
Adjustments for :-	
Depreciation and amortization	156
Share of associate's results	(150)
Interest expenses	94
Interest income	(42)
	<u>58</u>
Operating profit before working capital changes	1,050
Changes in working capital	
Net change in associate company	(82)
Net change in inventories	(1,126)
Net change in trade and other receivables	1,279
Net change in trade and other payables	(852)
Net change in contract assets/contract liabilities	(1,106)
Net cash used in operations	<u>(837)</u>
Interest received	42
Interest paid	(94)
Tax paid	(380)
Net cash used in operating activities	<u>(1,269)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(72)
Net cash used in investing activities	<u>(72)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Placement of fixed deposits	(38)
Repayment of lease liability	(62)
Borrowings	803
Net cash generated from financing activities	<u>703</u>
Net Change in Cash and Cash Equivalents	(638)
Cash and Cash Equivalents at beginning of the period	23,482
Cash and Cash Equivalents at end of the period	<u><u>22,844</u></u>
Represented by :	
Cash and bank balances	22,844
	<u><u>22,844</u></u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FPE 30 September 2020 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2020

	<----- Attributable to equity holders of the Company ----->					Non- controlling interests	Total Equity
	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Warrants Reserve	Other Reserves	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 30 September 2020 (Audited)	198,035	9,939	(13,738)	(72,615)	121,621	1,105	122,726
Profit for the period	-	-	-	563	563	114	677
Balance as at 31 December 2020	198,035	9,939	(13,738)	(72,052)	122,184	1,219	123,403

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FPE 30 September 2020 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

NOTES TO THE QUARTERLY REPORT

PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD ("FRS") 134: INTERIM FINANCIAL REPORTING

A1. Change in Financial Year End

The current financial period under review covers three (3) months period from 1 October 2020 to 31 December 2020 and represents the first period subsequent to the change of the Group's financial year end. Accordingly, no comparative results and cash flow are presented.

A2. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in compliance with International Accounting Standards IAS 34.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Period Ended ("FPE") 30 September 2020 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by EA Holdings Berhad ("EAH") and its subsidiaries ("Group") for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB").

A3. Adoption of new and revised accounting policies

The Group has adopted the Malaysian Financial Reporting Standards framework ("MFRS Framework") framework issued by MASB. This MFRS Framework was introduced by the MASB in order to fully converge the Malaysian's existing FRS framework with the International Financial Reporting Standards framework issued by the International Accounting Standard Boards.

The Group has adopted all the new and revised MFRSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 October 2020. The adoption of these new and revised MFRSs, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

A4. Qualification on the Auditors' Report of preceding annual financial statements

There was no audit qualification to the annual audited financial statements of the Group for the FPE 30 September 2020.

A5. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A6. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

A7. Changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the current financial quarter under review and financial year-to-date.

A8. Issuance or repayment of debt and equity securities -add warrant conversion

Save as disclosed below, there was no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date :-

As at 31 December 2020, the following warrants have not been exercised :-

Warrants D	993,885,016 units
Warrants E	1,087,061,194 units

A9. Dividend paid

There was no dividend paid nor declared during the financial year-to-date.

A10. Segmental information

The Group is organised into the following operating segments:-

- a) ICT Services;
- b) Software Solutions; and
- c) Automation systems comprising RFID, access control systems, building automation system and industrial security system (“Automation Systems”)
- d) Sales and distribution of food and beverages products (“F&B Distribution”)

Quarter ended 31 December 2020	ICT Services (RM'000)	Software Solutions (RM'000)	Automation Systems (RM'000)	F&B Distribution (RM'000)	Eliminations (RM'000)	Consolidated (RM'000)
Revenue from external customers	1,683	806	2,465	5,242	-	10,196
Cost of sales	(1,086)	(292)	(2,135)	(3,223)	-	(6,736)
Segment profit	597	514	330	2,019	-	3,460
Share of associate's results						150
Profit before taxation						992
Income tax expenses						(315)
Profit after tax						677
Other comprehensive income						-
Total comprehensive profit						677

The Group's segmental information by geographical location is not shown as the activities of the Group are predominantly in Malaysia and the overseas segment does not contribute to more than 1% of the consolidated Group's revenue.

A11. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

A12. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 December 2020.

A13. Capital Expenditure

There was no major addition and disposal of the property, plant and equipment during the current financial quarter under review and financial year-to-date.

A14. Changes in the composition of the Group

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

A15. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets arising since the last audited financial statements of the Group for the FPE 30 September 2020.

A16. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2020 that has not been reflected in this interim financial report.

A17. Significant related party transactions

There were no related party transactions for the financial year-to-date.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the performance of the Group

	Individual Period	Cumulative Period
	Current Year Quarter (3 months) 31.12.20 (RM'000)	Current Year To-Date (3 months) 31.12.20 (RM'000)
Revenue	10,196	10,196
Operating Profit	936	936
Share of associate's results	150	150
Profit before tax	992	992
Profit after tax	677	677
Profit attributable to Equity holders of the Company	563	563

For the current financial and cumulative quarter ended 31 December 2020, the Group recorded revenue of RM10.196 million and profit before tax of RM0.992 million. The revenue is mainly contributed by Automation System Segment (24.2%) and F&B Distribution segment (51.4%). The extension of the CMCO across Malaysia has not significantly affected the Group's operation and on-going projects, as the deliverable of the projects are still on schedule.

Revenue by segment :

	Individual Period	Cumulative Period
	Current Year Quarter (3 months) 31.12.20 (RM'000)	Current Year To-Date (3 months) 31.12.20 (RM'000)
ICT Services	1,683	1,683
Software Solutions	806	806
Automation systems	2,465	2,465
F&B Distribution	5,242	5,242
Total	10,196	10,196

ICT Services Segment

For current and cumulative financial quarter, ICT services contributed 16.5% of the Group's revenue, which is mainly contributed by the project awarded in January 2020 amounting to RM21.375 million and expected to be completed by November 2022. There was lower progress billing during current quarter.

Software Solutions Segment

For current financial and cumulative quarter, Software Solutions contributed 7.9% of the Group's revenue. The revenue comprised mainly of installation, upgrades and maintenance services.

Automation Systems Segment

For current financial and cumulative quarter, Automation Systems contributed 24.2% of the Group's revenue. The main revenue contributions from this segment came from integrated security division and mechanical & electrical works. There was higher progress billing during current financial quarter due to ramping up on the project progress to mitigate the MCO-related delays.

F&B Distribution Segment

For current financial and cumulative quarter, F&B Distribution contributed 51.4% of the Group's revenue. This segment continued to remain as the main contributor to the Group.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.12.20 (RM'000)	Immediate Preceding Quarter 30.09.20 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	10,196	11,461	(1,265)	11.0
Operating Profit	936	(49,382)	50,318	101.9
Share of associate's results	150	691	(541)	78.3
Profit before tax	992	(48,936)	49,928	102.0
Profit after tax	677	(49,123)	49,800	101.4
Profit attributable to equity holders of the Company	563	(49,209)	49,772	101.1

The Group's revenue for the current quarter decreased by RM1.265 million, mainly due to the decrease in ICT Services of RM3.293 million due to the lower progress billing. However, this had been mitigated by the increase in revenue from Software Solutions, Automation System and F&B Distribution. There is no provision for impairment losses for the current quarter as compared to the preceding financial quarter.

B3. Prospects for 2020/2021

The COVID-19 pandemic and Movement Control Order (“MCO”) and CMCO subsequently have impacted the economy activities and placed significant pressure on the business environment, stalling the economic recovery and weakening market conditions. We expect tougher operating conditions going forward as the market will take some time to recover to pre-MCO level and momentum.

In the meantime, the Group will continue to implement tighter cost control measures across all its operating entities, including a reduction in operational expenditure such as payroll. The Group has taken actions to identify and pursue emerging opportunities in order to have better cash flow management to mitigate the impact of the pandemic. In addition, The Group will continue to seek new business opportunities and new projects to expand the revenue base. The Group will also continue to pursue diversification strategy, which has proven to be effective as demonstrated by the acquisition of Sunland, to mitigate the reliance on the ICT market.

B4. Profit forecast and profit estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter 31.12.20 (RM'000)	Cumulative Year-to-Date 31.12.20 (RM'000)
Current tax	315	315
	315	315

For the current financial quarter and cumulative financial quarter, the effective tax rates is 31.7%, which is higher than the statutory rate as certain subsidiary companies of the Group were in tax loss positions.

B6. Status of corporate proposals

As at the date of issuance of this interim financial report there are no corporate proposals announced but not completed.

B7. Status of utilisation of proceeds

As at the date of this report, the Company has fully utilised the proceeds raised from all its fund raising activities.

B8. Group borrowings and debt securities

The Group's borrowings as at 31 December 2020 are as follows:-

	Short Term	Long Term
Secured	(RM'000)	(RM'000)
Term Loans	129	1,482
Project Financing	834	-
Lease Liabilities	203	89
Total	1,166	1,571

B9. Material Litigation

There was no material litigation since the last annual statement of financial position of the Group up to the date of this interim financial report.

B10. Dividends

No interim dividends have been declared during the current financial year-to-date.

B11. Profit for the period

	Current Quarter	Cumulative
	Ended	Year-to-date
	31.12.20	31.12.20
	(RM'000)	(RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	42	42
Interest expense	(94)	(94)
Depreciation and amortization	(156)	(156)

Other disclosure items pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Securities are not applicable.

B12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period.

		Individual Quarter	Cumulative Period
		Current Year Quarter (3 months) 31.12.20	Current Year To-Date (3 months) 31.12.20
Profit attributable to the equity holders of the Company	(RM'000)	563	563
Weighted average number of shares in issue	('000)	5,072,361	5,072,361
Basic profit per share	(Sen)	0.01	0.01

(b) Diluted earnings per share

Diluted earnings per share is not applicable for the financial period as the unexercised convertible warrants were anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of the warrants.

By Order of the Board
Tan Kah Koon
SSM PC NO. 201908001500 (MAICSA 7066666)
(Company Secretary)

Date: 26 February 2021