

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2021

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2021 RM'000	Preceding year corresponding quarter 31 December 2020 RM'000	Current year to date 31 December 2021 RM'000	Preceding year corresponding period 31 December 2020 RM'000
<b>Revenue</b>	10,927	10,196	10,927	10,196
Cost of Sales	(6,806)	(6,736)	(6,806)	(6,736)
<b>Gross Profit</b>	4,121	3,460	4,121	3,460
Other Operating Income	32	100	32	100
Operating Expenses	(2,713)	(2,468)	(2,713)	(2,468)
Depreciation and amortization	(107)	(156)	(107)	(156)
Operating Profit	1,333	936	1,333	936
Share of associate's results	843	150	843	150
Finance cost	(51)	(94)	(51)	(94)
<b>Profit Before Tax</b>	2,125	992	2,125	992
Taxation	(371)	(315)	(371)	(315)
<b>Profit After Tax</b>	1,754	677	1,754	677
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit</b>	<b>1,754</b>	<b>677</b>	<b>1,754</b>	<b>677</b>
<b>Profit attributable to :</b>				
Equity holders of the Company	1,611	563	1,611	563
Non-controlling interests	143	114	143	114
	<b>1,754</b>	<b>677</b>	<b>1,754</b>	<b>677</b>
<b>Total comprehensive profit attributable to :</b>				
Equity holders of the Company	1,611	563	1,611	563
Non-controlling interests	143	114	143	114
	<b>1,754</b>	<b>677</b>	<b>1,754</b>	<b>677</b>
Weighted average no. of ordinary shares in issue ('000)	5,072,743	5,072,361	5,072,743	5,072,361
Earnings per share (sen):-				
a) Basic	0.03	0.01	0.03	0.01

^ As at 31 December 2021, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM4,217,000  
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 year ended ("FYE") 30 September 2021 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 2021

	As at 31 December 2021 (Unaudited) RM'000	As at 30 September 2021 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,606	5,670
Right-of-use assets	45	114
Investment in Associate Company	21,853	21,010
Intangible Assets - Goodwill on consolidation	34,987	34,987
Other receivables	2,798	2,082
Investment in quoted shares	23,210	-
	<u>88,499</u>	<u>63,863</u>
<b>Current assets</b>		
Inventories	4,357	6,119
Receivables	23,812	26,781
Contract Assets	1,280	2,180
Amount owing by Associate Company	4,066	4,066
Tax recoverable	51	51
Fixed Deposits with licensed banks	4,059	4,059
Short-term money market deposit	2,000	500
Cash And Cash Equivalents	14,540	15,587
	<u>54,165</u>	<u>59,343</u>
<b>Total Assets</b>	<u>142,664</u>	<u>123,206</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	221,245	198,035
Warrants reserve	9,939	9,939
Other reserves	(13,738)	(13,738)
Accumulated losses	(85,571)	(87,182)
	<u>131,875</u>	<u>107,054</u>
Non-controlling interests	1,709	1,566
<b>Total equity</b>	<u>133,584</u>	<u>108,620</u>
<b>Non-current liabilities</b>		
Borrowings	1,402	1,455
Lease liabilities	32	47
Deferred tax liabilities	340	340
	<u>1,774</u>	<u>1,842</u>
<b>Current liabilities</b>		
Payables	3,585	6,442
Contract liabilities	464	1,097
Lease liabilities	77	152
Amount due to director	15	15
Borrowings	132	79
Bank overdraft	2,464	4,392
Provision for taxation	569	567
	<u>7,306</u>	<u>12,744</u>
<b>Total liabilities</b>	<u>9,080</u>	<u>14,586</u>
<b>Total equity and liabilities</b>	<u>142,664</u>	<u>123,206</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.03</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 FYE 30 September 2021 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 2021**

	Current year to date 31 December 2021 (Unaudited) RM'000	Preceding year corresponding period 31 December 2020 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	2,125	992
Adjustments for :-		
Depreciation and amortization	107	156
Share of associate's results	(843)	(150)
Interest expenses	51	94
Interest income	(9)	(42)
	<u>(694)</u>	<u>58</u>
<b>Operating profit before working capital changes</b>	<b>1,431</b>	<b>1,050</b>
Changes in working capital		
Net change in associate company	-	(82)
Net change in inventories	1,762	(1,126)
Net change in trade and other receivables	2,253	1,279
Net change in trade and other payables	(2,857)	(852)
Net change in contract assets/contract liabilities	267	(1,106)
<b>Net cash generated from/(used in) operations</b>	<b>2,856</b>	<b>(837)</b>
Interest received	9	42
Interest paid	(51)	(94)
Tax paid	(369)	(380)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,445</b>	<b>(1,269)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(10)	(72)
<b>Net cash used in investing activities</b>	<b>(10)</b>	<b>(72)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Placement of fixed deposits	-	(38)
Repayment of lease liability	(54)	(62)
Borrowings	-	803
<b>Net cash (used in)/generated from financing activities</b>	<b>(54)</b>	<b>703</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,381</b>	<b>(638)</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>11,695</b>	<b>23,482</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>14,076</b>	<b>22,844</b>
<b>Represented by :</b>		
Cash and bank balances	14,076	22,844
	<u>14,076</u>	<u>22,844</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 30 September 2021 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 2021**

	<----- 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 2021 (Audited)	198,035	9,939	(13,738)	(87,182)	107,054	1,566	108,620
Issuance of share capital	23,210	-	-	-	23,210	-	23,210
Profit for the period	-	-	-	1,611	1,611	143	1,754
<b>Balance as at 31 December 2021</b>	<b>221,245</b>	<b>9,939</b>	<b>(13,738)</b>	<b>(85,571)</b>	<b>131,875</b>	<b>1,709</b>	<b>133,584</b>
<b>As at preceding year corresponding quarter 31 December 2020</b>							
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
<b>Balance as at 31 December 2020</b>	<b>198,035</b>	<b>9,939</b>	<b>(13,738)</b>	<b>(72,052)</b>	<b>122,184</b>	<b>1,219</b>	<b>123,403</b>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 30 September 2021 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. 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 Year Ended ("FYE") 30 September 2021 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").

##### **A2. 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 2021. 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.

##### **A3. 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 FYE 30 September 2021.

**A4. Seasonal or cyclical factors**

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

**A5. 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.

**A6. 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.

**A7. 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 :-

(a) On 30 November 2021, 1,100,000,000 ordinary shares of the Company were issued to EA Holdings Berhad in relation to the Subscription Agreement with EA Holdings Berhad.

(b) As at 31 December 2021, the following warrants have not been exercised :-

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

**A8. Dividend paid**

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

## A9. 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 2021	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	2,280	1,116	1,467	6,064	-	10,927
Cost of sales	(1,404)	(192)	(1,139)	(4,071)	-	(6,806)
Segment profit	876	924	328	1,993	-	4,121
Share of associate's results						843
Profit before taxation						2,125
Income tax expenses						(371)
Profit after tax						1,754
Other comprehensive income						-
<b>Total comprehensive income</b>						<b>1,754</b>

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.

## A10. 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.

## A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 December 2021.

## A12. 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.

**A13. Changes in the composition of the Group**

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

**A14. 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 FYE 30 September 2021.

**A15. Subsequent material events**

Save as disclosed below, there are no material events subsequent to the financial period ended 31 December 2021 that has not been reflected in this interim financial report :-

On 6 January 2022, 279,329,600 ordinary shares of the Company were issued in relation to the acquisition of by the Company of the remaining 10% equity interest in Sunland Volonte Agency Sdn Bhd.

**A16. 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 31.12.21 (RM'000)	Preceding Year Corresponding Quarter 31.12.20 (RM'000)	Changes		Current Year To-Date 31.12.21 (RM'000)	Preceding Year Corresponding Period 31.12.20 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	10,927	10,196	731	7.2	10,927	10,196	731	7.2
Operating Profit	1,333	936	397	42.4	1,333	936	397	42.4
Share of associate's results	843	150	693	462.0	843	150	693	462.0
Profit before tax	2,125	992	1,133	114.2	2,125	992	1,133	114.2
Profit after tax	1,754	677	1,077	159.1	1,754	677	1,077	159.1
Profit attributable to Equity holders of the Company	1,611	563	1,048	186.1	1,611	563	1,048	186.1

For the current and cumulative financial quarter ended 31 December 2021, the Group recorded revenue of RM10.927 million, an increase of RM0.731 million compared to the same period in the last financial year. The increase was mainly in F&B Distribution segment, ICT Services segment and Software Solutions segment amounting to RM1.729 million.

For the current and cumulative financial quarter ended 31 December 2021, the Group recorded profit before tax of RM2.125 million, an increase of RM1.133 million compared to the same period in the last financial year. This is mainly due to the higher profit margin from on-going projects and increase of share of associate's results during current period.

## Revenue by segment :

	Individual Period				Cumulative Period			
	Current Year	Preceding Year	Changes		Current Year	Preceding Year	Changes	
	Quarter 31.12.21 (RM'000)	Corresponding 31.12.20 (RM'000)	(RM'000)	(%)	To-Date 31.12.21 (RM'000)	Corresponding 31.12.20 (RM'000)	(RM'000)	(%)
ICT Services	2,280	1,683	597	35.5	2,280	1,683	597	35.5
Software Solutions	1,116	806	310	38.5	1,116	806	310	38.5
Automation systems	1,467	2,465	(998)	(40.5)	1,467	2,465	(998)	(40.5)
F&B Distribution	6,064	5,242	822	15.7	6,064	5,242	822	15.7
<b>Total</b>	<b>10,927</b>	<b>10,196</b>	<b>731</b>	<b>7.2</b>	<b>10,927</b>	<b>10,196</b>	<b>731</b>	<b>7.2</b>

### **ICT Services Segment**

For current financial quarter, ICT services contributed 20.9% of the Group's revenue, an increase of RM0.597 million compared to the same period last year. This is mainly attributable by the billings for the on-going project with LHDN which is expected to be completed by November 2022.

### **Software Solutions Segment**

For current financial quarter, Software Solutions contributed 10.2% of the Group's revenue, an increase of RM0.310 million compared to the same period last year, due to the higher project billings during the current period. The revenue comprised mainly of installation, upgrades and maintenance services.

### **Automation Systems Segment**

For current financial quarter, Automation Systems contributed 13.4% of the Group's revenue, a decrease of RM0.998 million compared to the same period last year, due to the lower contribution from building automation projects and integrated security.

### **F&B Distribution Segment**

For current financial quarter, F&B Distribution contributed 55.5% of the Group's revenue, an increase of RM0.822 million compared to the same period last year, due to the higher demand from hypermarket and retail customers during festive season in current quarter. This segment continued to remain as the main contributor to the Group.

## B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.12.21 (RM'000)	Immediate Preceding Quarter 30.09.21 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	10,927	9,159	1,768	19.3
Operating (Loss)/Profit	1,333	(17,995)	19,328	(107.4)
Share of associate's results	843	1,392	(549)	(39.4)
Profit/(Loss) before tax	2,125	(16,748)	18,873	(112.7)
Profit/(Loss) after tax	1,754	(17,096)	18,850	(110.3)
Profit/(Loss) attributable to equity holders of the Company	1,611	(17,222)	18,833	(109.4)

The Group's revenue for the current quarter increased by RM1.768 million, mainly attributable to the increase in ICT services segment and F&B Distribution segment. The Group recorded loss before tax of RM16.748 million during immediate preceding quarter, which was mainly due to the provision of impairment losses, which is compliance with approved accounting standards.

## B3. Prospects for 2022

The Group will continue to seek new business opportunities and new projects to expand its 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 reduce reliance on the ICT sector.

On 1 December 2021, the Company had entered into a Memorandum of Understanding with Third Telecom Sdn Bhd to collaborate for the design, provision and distribution of broadband access solutions, services and equipment utilising the 5G technology in Malaysia. With this collaboration, we are strategically positioning EAH Group to capitalize on the prospects of the next phase of the technology revolution in Malaysia, which is the roll-out of the 5G services, spearheaded by Digital Nasional Berhad.

On 6 January 2022, the Company had increased its paid up share capital of RM5,000,000 via issuance of ordinary shares for acquisition of remaining stake of 10% in Sunland, thereby making Sunland into a wholly-owned subsidiary company of the Group.

As the nation's economy is still recovering from the Covid-19 pandemic, the Group expect to continue this positive trajectory. In the meanwhile, the Group will continue to implement cost control measures across all its operating entities. The actions have been taken to identify and pursue emerging opportunities in order to have better cash flow management.

#### **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**

	<b>Current Quarter 31.12.21 (RM'000)</b>	<b>Cumulative Year-to-Date 31.12.21 (RM'000)</b>
Current tax	371	371
	<b>371</b>	<b>371</b>

For the current financial quarter and cumulative financial quarter, the effective tax rates is 17.5%, which is lower 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, save as disclosed below, there are corporate proposals announced but not completed :-

- (a) On 28 July 2021, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Company proposes to undertake a reduction of the issued share capital of EAH pursuant to Section 115(A) read together with Section 116 of the Companies Act, 2016 ("Proposed Capital Reduction").
- (b) On 11 November 2021, the shareholders of the Company had approved the above proposals.
- (c) On 31 January 2022, the High Court had granted an order confirming the Capital Reduction ("Court Order") pursuant to Section 115(a) read together with Section 116 of the Companies Act, 2016 ("Act"). The sealed copy of the Court Order had been lodged with the Companies Commission of Malaysia on 23 February 2022, thereby marking the completion of the exercise.

#### **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 2021 are as follows:-

	<b>Short Term</b>	<b>Long Term</b>
<b>Secured</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Term Loans	132	1,402
Lease Liabilities	77	32
Total	209	1,434

**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**

	<b>Current Quarter Ended</b>	<b>Cumulative</b>
	<b>31.12.21</b>	<b>Year-to-date</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
This is arrived at after (charging)/crediting :-		
Interest income	9	9
Interest expense	(51)	(51)
Depreciation and amortization	(107)	(107)

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 31.12.21	Preceding Year Corresponding 31.12.20	Current Year To-Date 31.12.21	Preceding Year Corresponding 31.12.20
Profit attributable to the equity holders of the Company	(RM'000)	1,611	563	1,611	563
Weighted average number of shares in issue	('000)	5,072,743	5,072,361	5,072,743	5,072,361
Basic earnings per share	(Sen)	0.03	0.01	0.03	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: 28 February 2022