

## EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 September 2019 RM'000	Preceding year corresponding quarter 30 September 2018 RM'000	Current year to date 30 September 2019 RM'000	Preceding year corresponding period 30 September 2018 RM'000
<b>Revenue</b>	7,826	13,011	16,312	20,150
Cost of Sales	<u>(4,088)</u>	<u>(9,666)</u>	<u>(8,767)</u>	<u>(13,864)</u>
<b>Gross Profit</b>	3,738	3,345	7,545	6,286
Other Operating Income	59	101	114	151
Operating Expenses	(2,710)	(3,617)	(5,466)	(6,598)
Depreciation and amortization	<u>(246)</u>	<u>(627)</u>	<u>(490)</u>	<u>(1,153)</u>
Operating Profit/(Loss)	841	(798)	1,703	(1,314)
Share of associate's results	200	117	421	585
Finance cost	<u>(29)</u>	<u>(79)</u>	<u>(35)</u>	<u>(127)</u>
<b>Profit/(Loss) Before Tax</b>	1,012	(760)	2,089	(856)
Taxation	<u>(472)</u>	<u>(208)</u>	<u>(951)</u>	<u>(607)</u>
<b>Profit/(Loss) After Tax</b>	540	(968)	1,138	(1,463)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<u><b>540</b></u>	<u><b>(968)</b></u>	<u><b>1,138</b></u>	<u><b>(1,463)</b></u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	458	(1,018)	912	(1,555)
Non-controlling interests	<u>82</u>	<u>50</u>	<u>226</u>	<u>92</u>
	<u><b>540</b></u>	<u><b>(968)</b></u>	<u><b>1,138</b></u>	<u><b>(1,463)</b></u>
<b>Total comprehensive profit/(loss) attributable to :</b>				
Equity holders of the Company	458	(1,018)	912	(1,555)
Non-controlling interests	<u>82</u>	<u>50</u>	<u>226</u>	<u>92</u>
	<u><b>540</b></u>	<u><b>(968)</b></u>	<u><b>1,138</b></u>	<u><b>(1,463)</b></u>
Weighted average no. of ordinary shares in issue ('000)	5,072,361	5,072,348	5,072,358	4,845,914
Earnings/(Loss) per share (sen):-				
a) Basic	0.01	(0.02)	0.02	(0.03)

^ As at 30 September 2019, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM2.104 million.  
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 ("FYE") 31 March 2019 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 30 SEPTEMBER 2019**

	As at 30 September 2019 (Unaudited) RM'000	As at 31 March 2019 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,838	7,125
Investment in Associate Company	51,598	51,177
Intangible Assets - Goodwill on consolidation	68,804	68,804
Intangible Assets - Development costs	340	510
	<u>127,580</u>	<u>127,616</u>
<b>Current assets</b>		
Inventories	3,348	2,532
Receivables	21,979	23,077
Amount owing by Associate Company	4,412	4,270
Fixed Deposits with licensed banks	4,384	4,384
Short-term money market deposit	5,010	3,600
Cash And Cash Equivalents	16,604	19,570
	<u>55,737</u>	<u>57,433</u>
<b>Total Assets</b>	<u><u>183,317</u></u>	<u><u>185,049</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	198,034	198,034
Warrants reserve	19,442	19,442
Other reserves	(13,738)	(13,738)
Accumulated losses	(27,327)	(28,239)
	<u>176,411</u>	<u>175,499</u>
Non-controlling interests	810	584
<b>Total equity</b>	<u><u>177,221</u></u>	<u><u>176,083</u></u>
<b>Non-current liabilities</b>		
Hire purchase creditors	231	299
Term loans	1,543	1,604
Deferred tax liabilities	468	468
	<u>2,242</u>	<u>2,371</u>
<b>Current liabilities</b>		
Payables	2,457	2,774
Contract liabilities	-	1,251
Amount due to director	-	44
Term loans	126	123
Hire purchase creditors	149	200
Bank overdraft	-	1,436
Provision for taxation	1,122	767
	<u>3,854</u>	<u>6,595</u>
<b>Total liabilities</b>	<u><u>6,096</u></u>	<u><u>8,966</u></u>
<b>Total equity and liabilities</b>	<u><u>183,317</u></u>	<u><u>185,049</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.03</u>	<u>0.03</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 March 2019 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 30 SEPTEMBER 2019**

	Current year to date 30 September 2019 (Unaudited) RM'000	Preceding year corresponding period 30 September 2018 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	2,089	(856)
Adjustments for :-		
Depreciation and amortization	490	1,153
Share of associate's results	(421)	(585)
Interest expenses	35	127
Interest income	(61)	(95)
	<u>43</u>	<u>600</u>
<b>Operating profit/(loss) before working capital changes</b>	2,132	(256)
Changes in working capital		
Net change in directors	(44)	(34)
Net change in associate company	(142)	2,998
Net change in inventories	(816)	(454)
Net change in trade and other receivables	1,098	18,293
Net change in trade and other payables	(317)	(1,963)
Net change in contract assets/contract liabilities	(1,251)	-
<b>Net cash from operations</b>	<u>660</u>	<u>18,584</u>
Interest received	61	95
Interest paid	(35)	(127)
Tax (paid)/received	(596)	1,040
<b>Net cash generated from operating activities</b>	<u>90</u>	<u>19,592</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in new subsidiary company	-	(15,000)
Purchase of plant and equipment	(33)	(116)
<b>Net cash used in investing activities</b>	<u>(33)</u>	<u>(15,116)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(177)	(1,415)
<b>Net cash used in financing activities</b>	<u>(177)</u>	<u>(1,415)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(120)	3,061
<b>Cash and Cash Equivalents at beginning of the period</b>	21,734	24,495
<b>Cash and Cash Equivalents at end of the period</b>	<u>21,614</u>	<u>27,556</u>
<b>Represented by :</b>		
Cash and bank balances	21,614	27,556
	<u>21,614</u>	<u>27,556</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 31 March 2019 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 30 SEPTEMBER 2019**

	<----- Attributable to equity holders of the Company ----->					Non-controlling interests	Total Equity
	<---- Non-distributable ---->		<Distributable>				
	Share Capital	Warrants Reserve	Other Reserves	(Accumulated Losses)/Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 April 2019</b>	<b>198,034</b>	<b>19,442</b>	<b>(13,738)</b>	<b>(28,239)</b>	<b>175,499</b>	<b>584</b>	<b>176,083</b>
Profit for the period	-	-	-	912	912	226	<b>1,138</b>
<b>Balance as at 30 September 2019</b>	<b>198,034</b>	<b>19,442</b>	<b>(13,738)</b>	<b>(27,327)</b>	<b>176,411</b>	<b>810</b>	<b>177,221</b>
				-			
<b>Balance as at 1 April 2018</b>	<b>134,284</b>	<b>19,442</b>	<b>(13,738)</b>	<b>23,087</b>	<b>163,075</b>	<b>49</b>	<b>163,124</b>
Acquisition of new subsidiary company	63,750	-	-	-	63,750	923	<b>64,673</b>
Loss for the period	-	-	-	(1,555)	(1,555)	92	<b>(1,463)</b>
<b>Balance as at 30 September 2018</b>	<b>198,034</b>	<b>19,442</b>	<b>(13,738)</b>	<b>21,532</b>	<b>225,270</b>	<b>1,064</b>	<b>226,334</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 31 March 2019 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") 31 March 2019 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 April 2019. 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 31 March 2019.

##### **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) For the cumulative financial quarter ended 30 September 2019, new EAH shares were issued arising from the exercise of the Company's warrants as follows :-

	Cumulative Year to date 30 September 2019
Warrants C	8,496

- b) As at 30 September 2019, the following warrants have not been exercised :-

Warrants C	(Expired on 18 June 2019)
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 30 September 2019	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	598	983	1,286	4,959	-	7,826
Cost of sales	(53)	(92)	(964)	(2,979)	-	(4,088)
Segment profit	545	891	322	1,980	-	3,738
Share of associate's results						200
Profit before taxation						1,012
Income tax expenses						(472)
Profit after tax						540
Other comprehensive income						-
<b>Total comprehensive profit</b>						<b>540</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 30 September 2019.

## 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 31 March 2019.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 30 September 2019 that has not been reflected in this interim financial report.

**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 30.09.19 (RM'000)	Preceding Year Corresponding Quarter 30.09.18 (RM'000)	Changes		Current Year To-Date 30.09.19 (RM'000)	Preceding Year Corresponding Period 30.09.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	7,826	13,011	(5,185)	(39.9)	16,312	20,150	(3,838)	(19.0)
Operating Profit/(Loss)	841	(798)	1,639	(205.4)	1,703	(1,314)	3,017	(229.6)
Share of associate's results	200	117	83	70.9	421	585	(164)	(28.0)
Profit/(Loss) before tax	1,012	(760)	1,772	233.2	2,089	(856)	2,945	344.0
Profit/(Loss) after tax	540	(968)	1,508	155.8	1,138	(1,463)	2,601	177.8
Profit/(Loss) attributable to Equity holders of the Company	458	(1,018)	1,476	145.0	912	(1,555)	2,467	158.6

For the current financial quarter ended 30 September 2019, the Group recorded revenue of RM7.826 million, a decrease of RM5.185 million compared to the same period in the last financial year. The decrease is mainly due to the decrease in ICT services segment of RM4.441 million. The decrease is due to the lesser project wins and completed during for current financial quarter compared to previous year.

Notwithstanding that, the Group recorded a turn-around profit before tax during current financial quarter, mainly attributable to the higher profit margin as most of the billables were for training and consultancy services. In addition, savings from tighter cost control and reduction in provision for depreciation and amortization also contributed to the better results.

For the cumulative financial quarter ended 30 September 2019, the Group recorded revenue of RM16.312 million, a decrease of RM3.838 million as compared to the same period in the last financial year. Similarly, the decrease is mainly attributable to the decrease in contribution by the ICT Services segment, due to the lesser projects wins and increased competition from new vendors.

## Revenue by segment :

	Individual Period				Cumulative Period			
	Current Year Quarter 30.09.19 (RM'000)	Preceding Year Corresponding Quarter 30.09.18 (RM'000)	Changes		Current Year To-Date 30.09.19 (RM'000)	Preceding Year Corresponding Period 30.09.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
ICT Services	598	5,039	(4,441)	(88.1)	1,403	5,472	(4,069)	(74.4)
Software Solutions	983	793	190	24.0	2,426	1,547	879	56.8
Automation systems	1,286	1,863	(577)	(31.0)	2,299	2,622	(323)	(12.3)
F&B Distribution	4,959	5,316	(357)	(6.7)	10,184	10,509	(325)	(3.1)
<b>Total</b>	<b>7,826</b>	<b>13,011</b>	<b>(5,185)</b>	<b>(39.9)</b>	<b>16,312</b>	<b>20,150</b>	<b>(3,838)</b>	<b>(19.0)</b>

### **ICT Services Segment**

For current financial quarter, ICT services contributed 7.6% of the Group's revenue, a decrease of RM4.441 million compared to the same period last year, due to the lesser projects wins and completed during current financial quarter. The lesser project wins were due to increased competition from new vendors and lower number of new jobs available in the market.

### **Software Solutions Segment**

For current financial quarter, Software Solutions contributed 12.6% of the Group's revenue, an increase of RM0.190 million compared to the same period last year, due to higher project billings during the current period.

### **Automation Systems Segment**

For current financial quarter, Automation Systems contributed 16.4% of the Group's revenue, a decrease of RM0.577 million compared to the same period last year, due to the lower progress billings under building automation project.

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

For current financial quarter, F&B Distribution contributed 63.4% of the Group's revenue. This segment still remain as the main contributor of the revenue stream for the Group although it recorded decrease of revenue RM0.357 million in current financial period as compared to the same period last year. The marginal decrease in revenue was due to a slight drop in orders from our retail customers.

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

	Current Year Quarter 30.09.19 (RM'000)	Immediate Preceding Quarter 30.06.19 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	7,826	8,486	(660)	(7.8)
Operating Profit	841	862	(21)	2.4
Share of associate's results	200	221	(21)	9.5
Profit before tax	1,012	1,077	(65)	6.0
Profit after tax	540	598	(58)	9.7
Profit attributable to equity holders of the Company	458	454	4	(0.9)

The Group's revenue for the current quarter decreased by RM0.660 million, mainly due to decreases in contribution from the ICT Services and Automation Systems segments. Due to the lower revenue, the Group recorded decrease of the profit before tax of RM0.065 million.

**B3. Prospects for 2020/2021**

The double impact of new competitors and lack of new projects had created a very challenging period for the Group as there is no discernible pattern on the spending by both the public and private sectors. The number of projects available in the market is still low compared to previous years. In addition, the competition become tougher as the barrier to enter in the ICT industry is low and more companies are vying for the same jobs. The strong positive impact of acquisition of Sunland during last financial year had mitigate the Group's dependence on ICT sector, which was in line with its diversification strategy into non-ICT sector and contribute profit stability and better performance to the Group. Moving forwards, the Group will continue to pursue the diversification strategy either organically, or via mergers and acquisition of potential companies that would be able to generate strong recurrent income and strong positive cash flow for the Group.

**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 30.09.19 (RM'000)</b>	<b>Cumulative Year-to-Date 30.09.19 (RM'000)</b>
Current tax	(472)	(951)
	<u>(472)</u>	<u>(951)</u>

For the current financial quarter and cumulative financial quarter, the effective tax rates of the Group are 46.6% and 45.5% respectively, which were higher than the statutory rate due to certain subsidiary companies of the Group being 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

The status of utilisation of the gross proceeds of RM39.755 million from the Rights Issue by the Company as at 30 September 2019 are as follows:-

<b>Purposes</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Amount Utilised (RM'000)</b>	<b>Amount Unutilised (RM'000)</b>	<b>Deviation (RM'000)</b>	<b>Intended timeframe for Utilisation</b>	<b>Explanation</b>
Future viable investments	15,000	15,000	-	-	Within 24 months from completion	
Repayment of borrowings	5,000	5,000	-	-	Within 24 months from completion	
Working capital	18,755	14,555	4,200	81	Within 24 months from completion	
Rights Issue expenses	1,000	1,081	(81)	(81)	Upon completion	Being additional rights issue expenses of RM81,000 incurred
<b>Total</b>	<b>39,755</b>	<b>35,636</b>	<b>4,119</b>	<b>-</b>		

**B8. Group borrowings and debt securities**

The Group's borrowings as at 30 September 2019 are as follows:-

	<b>Short Term</b>	<b>Long Term</b>
<b>Secured</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Term Loans	126	1,543
Hire purchase creditors	149	231
Total	275	1,774

**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 30.09.19</b>	<b>Cumulative Year-to-date 30.09.19</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
This is arrived at after (charging)/crediting :-		
Interest income	21	61
Interest expense	(29)	(35)
Depreciation and amortization	(246)	(490)

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 30.09.19	Preceding Year Corresponding Quarter 30.09.18	Current Year To-Date 30.09.19	Preceding Year Corresponding Period 30.09.18
Earnings/(Loss) attributable to the equity holders of the Company	(RM'000)	458	(1,018)	912	(1,555)
Weighted average number of shares in issue	('000)	5,072,361	5,072,348	5,072,358	4,845,914
Basic earnings/(loss) per share	(Sen)	0.01	(0.02)	0.02	(0.03)

(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  
Laang Jhe How (MIA 25193)  
(Company Secretary)

Date: 29 November 2019