

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2021

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2021 RM'000	Preceding year corresponding quarter 30 June 2020 RM'000	Current year to date 30 June 2021 RM'000	Preceding year corresponding period 30 June 2020 RM'000
Revenue	11,688	N/A	35,942	N/A
Cost of Sales	(8,710)	N/A	(26,152)	N/A
Gross Profit	2,978	N/A	9,790	N/A
Other Operating Income	287	N/A	410	N/A
Operating Expenses	(2,152)	N/A	(7,237)	N/A
Depreciation and amortization	(141)	N/A	(462)	N/A
Operating Profit	972	N/A	2,501	N/A
Share of associate's results	1,597	N/A	1,752	N/A
Finance cost	(33)	N/A	(275)	N/A
Profit Before Tax	2,536	N/A	3,978	N/A
Taxation	(499)	N/A	(1,071)	N/A
Profit After Tax	2,037	N/A	2,907	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive profit	2,037	N/A	2,907	N/A
Profit attributable to :				
Equity holders of the Company	1,917	N/A	2,619	N/A
Non-controlling interests	120	N/A	288	N/A
	2,037	N/A	2,907	N/A
Total comprehensive profit attributable to :				
Equity holders of the Company	1,917	N/A	2,619	N/A
Non-controlling interests	120	N/A	288	N/A
	2,037	N/A	2,907	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	0.04	N/A	0.05	N/A

^ As at 30 June 2021, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM8,758,000.

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 30 JUNE 2021

	As at 30 June 2021 (Unaudited) RM'000	As at 30 September 2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,969	6,143
Right-of-use assets	39	319
Investment in Associate Company	19,622	17,870
Intangible Assets - Goodwill on consolidation	47,044	47,044
Other receivables	2,798	2,798
	<u>75,472</u>	<u>74,174</u>
Current assets		
Inventories	5,737	3,697
Receivables	27,336	21,302
Contract Assets	5,427	1,970
Amount owing by Associate Company	3,693	3,314
Tax recoverable	82	82
Fixed Deposits with licensed banks	3,969	3,873
Short-term money market deposit	1,500	1,000
Cash And Cash Equivalents	16,682	25,717
	<u>64,426</u>	<u>60,955</u>
Total Assets	<u><u>139,898</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	(69,996)	(72,615)
	<u>124,240</u>	<u>121,621</u>
Non-controlling interests	1,393	1,105
Total equity	<u><u>125,633</u></u>	<u><u>122,726</u></u>
Non-current liabilities		
Borrowings	1,467	1,514
Lease liabilities	65	198
Deferred tax liabilities	425	425
	<u>1,957</u>	<u>2,137</u>
Current liabilities		
Payables	8,554	4,892
Contract liabilities	143	874
Lease liabilities	115	233
Amount due to director	15	15
Borrowings	1,941	128
Bank overdraft	1,000	3,235
Provision for taxation	540	889
	<u>12,308</u>	<u>10,266</u>
Total liabilities	<u><u>14,265</u></u>	<u><u>12,403</u></u>
Total equity and liabilities	<u><u>139,898</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 30 JUNE 2021**

	Current year to date 30 June 2021 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit Before Taxation	3,978
Adjustments for :-	
Depreciation and amortization	462
Share of associate's results	(1,752)
Impairment loss write back on receivables	(41)
Interest expenses	275
Interest income	(66)
	<u>(1,122)</u>
Operating profit before working capital changes	2,856
Changes in working capital	
Net change in associate company	(379)
Net change in inventories	(2,040)
Net change in trade and other receivables	(5,993)
Net change in trade and other payables	3,662
Net change in contract assets/contract liabilities	(4,188)
Net cash used in operations	<u>(6,082)</u>
Interest received	66
Interest paid	(275)
Tax paid	(1,420)
Net cash used in operating activities	<u>(7,711)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(76)
Net cash used in investing activities	<u>(76)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Placement of fixed deposits	(96)
Repayment of lease liability	(183)
Borrowings	1,766
Net cash generated from financing activities	<u>1,487</u>
Net Change in Cash and Cash Equivalents	(6,300)
Cash and Cash Equivalents at beginning of the period	23,482
Cash and Cash Equivalents at end of the period	<u><u>17,182</u></u>
Represented by :	
Cash and bank balances	17,182
	<u><u>17,182</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 30 JUNE 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 2020 (Audited)	198,035	9,939	(13,738)	(72,615)	121,621	1,105	122,726
Profit for the period	-	-	-	2,619	2,619	288	2,907
Balance as at 30 June 2021	198,035	9,939	(13,738)	(69,996)	124,240	1,393	125,633

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 April 2021 to 30 June 2021 and represents the third 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 30 June 2021, 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 30 June 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	3,728	472	2,526	4,962	-	11,688
Cost of sales	(3,385)	(252)	(1,981)	(3,092)	-	(8,710)
Segment profit	343	220	545	1,870	-	2,978
Share of associate's results						1,597
Profit before taxation						2,536
Income tax expenses						(499)
Profit after tax						2,037
Other comprehensive income						-
Total comprehensive profit						2,037

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 30 June 2021.

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 30 June 2021 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) 30.06.21 (RM'000)	Current Year To-Date (9 months) 30.06.21 (RM'000)
Revenue	11,688	35,942
Operating Profit	972	2,501
Share of associate's results	1,597	1,752
Profit before tax	2,536	3,978
Profit after tax	2,037	2,907
Profit attributable to Equity holders of the Company	1,917	2,619

For the current financial and cumulative quarter ended 30 June 2021, the Group recorded revenue of RM11.688 million and RM35.942 million respectively, which is mainly contributed by F&B Distribution segment (42.5%) and ICT Services segment (31.9%) . The profit before tax was mostly contributed from share of associate’s results of RM1.597 million. The extension of the FMCO 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) 30.06.21 (RM'000)	Current Year To-Date (9 months) 30.06.21 (RM'000)
ICT Services	3,728	8,998
Software Solutions	472	1,865
Automation systems	2,526	9,536
F&B Distribution	4,962	15,543
Total	11,688	35,942

ICT Services Segment

For current financial quarter, ICT services contributed 31.9% of the Group's revenue, which is mainly attributable by the billings for the on-going project with LHDN which is expected to be completed by November 2022. There was higher progress billing during current quarter due to new projects won during the quarter.

Software Solutions Segment

For current financial quarter, Software Solutions contributed 4.0% of the Group's revenue. The revenue comprised mainly of installation, upgrades and maintenance services.

Automation Systems Segment

For current financial quarter, Automation Systems contributed 21.6% of the Group's revenue. The main revenue contributions from this segment came from integrated security division and mechanical & electrical works. There was lower progress billing during current financial quarter.

F&B Distribution Segment

For current financial quarter, F&B Distribution contributed 42.5% of the Group's revenue. This segment continued to remain as the main contributor to the Group. The FMCO in 2021 did not substantially impact the F&B segment as most of the product sales were generated from re-supply orders by the hypermarkets and supermarkets.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 30.06.21 (RM'000)	Immediate Preceding Quarter 31.03.21 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	11,688	14,058	(2,370)	(16.9)
Operating Profit	972	593	379	63.9
Share of associate's results	1,597	5	1,592	31,840.0
Profit before tax	2,536	451	2,085	462.3
Profit after tax	2,037	193	1,844	955.4
Profit attributable to equity holders of the Company	1,917	139	1,778	1,279.1

The Group's revenue for the current quarter decreased by RM2.370 million, mainly attributable to the decrease in Automation segment due to the lower progress billings. However, The Group recorded increase in profit before tax of RM2.085 million, which was mainly due to the increase share of associate's results during current quarter.

B3. Prospects for 2020/2021

The COVID-19 pandemic 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 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.

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 30.06.21 (RM'000)	Cumulative Year-to-Date 30.06.21 (RM'000)
Current tax	499	1,071
	499	1,071

For the current financial quarter and cumulative financial quarter, the effective tax rates is 19.7% and 27.0%, 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, save as disclosed below, there are no corporate proposals announced but not completed:-

On 28 July 2021, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Company proposes to undertake the following corporate exercises:-

- (a) undertake a reduction of the issued share capital of EAH pursuant to Section 116 of the Companies Act, 2016 ("Proposed Capital Reduction"); and
- (b) entered into a supplemental agreement, which is supplemental to the Subscription Agreement, to revise the terms and conditions of the Proposed Shares Issuance whereby EAH proposes to issue 1,100,000,000 new EAH Shares, representing approximately 21.7% equity interest in EAH at a revised issue price of RM0.0211 per EAH Share ("Revised Issue Price") to VinVest Capital Holdings Berhad ("VinVest"), (formerly known as Vivocom Intl Holdings Berhad) for a total subscription consideration of RM23,210,000 which will be fully satisfied via the issuance of 62,645,075 new ordinary shares of VinVest ("VinVest Share(s)") at a revised price of RM0.3705 per VinVest Share ("Supplemental Agreement") ("Revised Proposed Shares Issuance").

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 30 June 2021 are as follows:-

	Short Term	Long Term
Secured	(RM'000)	(RM'000)
Term Loans	132	1,467
Project Financing	1,809	-
Lease Liabilities	115	65
Total	2,056	1,532

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 Ended 30.06.21 (RM'000)	Cumulative Year-to-date 30.06.21 (RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	15	66
Interest expense	(33)	(275)
Depreciation and amortization	(141)	(462)

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) 30.06.21	Current Year To-Date (9 months) 30.06.21
Profit attributable to the equity holders of the Company	(RM'000)	1,917	2,619
Weighted average number of shares in issue	('000)	5,072,361	5,072,361
Basic profit per share	(Sen)	0.04	0.05

(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: 30 September 2021