

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2018

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 June 2018 RM'000	Preceding year corresponding quarter 30 June 2017 RM'000	Current year to date 30 June 2018 RM'000	Preceding year corresponding period 30 June 2017 RM'000
Revenue	7,138	4,046	7,138	4,046
Cost of Sales	<u>(4,197)</u>	<u>(1,698)</u>	<u>(4,197)</u>	<u>(1,698)</u>
Gross Profit	2,941	2,348	2,941	2,348
Other Operating Income	50	54	50	54
Operating Expenses	(2,981)	(2,986)	(2,981)	(2,986)
Depreciation and amortization	<u>(526)</u>	<u>(555)</u>	<u>(526)</u>	<u>(555)</u>
Operating (Loss)	(516)	(1,139)	(516)	(1,139)
Share of associate's results	468	1,335	468	1,335
Finance cost	<u>(48)</u>	<u>(23)</u>	<u>(48)</u>	<u>(23)</u>
Profit/(Loss) Before Tax	(96)	173	(96)	173
Taxation	<u>(399)</u>	<u>-</u>	<u>(399)</u>	<u>-</u>
Profit/(Loss) After Tax	(495)	173	(495)	173
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>(495)</u>	<u>173</u>	<u>(495)</u>	<u>173</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	(537)	215	(537)	215
Non-controlling interests	<u>42</u>	<u>(42)</u>	<u>42</u>	<u>(42)</u>
	<u>(495)</u>	<u>173</u>	<u>(495)</u>	<u>173</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	(537)	215	(537)	215
Non-controlling interests	<u>42</u>	<u>(42)</u>	<u>42</u>	<u>(42)</u>
	<u>(495)</u>	<u>173</u>	<u>(495)</u>	<u>173</u>
Weighted average no. of ordinary shares in issue ('000)	4,616,991	2,650,361	4,616,991	2,650,361
Earnings/(Loss) per share (sen):-				
a) Basic	(0.01)	0.01	(0.01)	0.01

^ As at 30 June 2018, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM9.002 million.

The Group's share of profit is based on 20% of equity in Cepak 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 2018 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 2018**

	As at 30 June 2018 (Unaudited) RM'000	As at 31 March 2018 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,429	5,473
Investment in Associate Company	61,713	61,245
Intangible Assets - Goodwill on consolidation	77,145	8,184
Intangible Assets - Intellectual Property Rights	2,800	2,844
Intangible Assets - Development costs	5,912	6,126
	<u>153,999</u>	<u>83,872</u>
Current assets		
Inventories	3,354	438
Receivables	37,919	50,425
Amount owing by Associate Company	6,105	7,560
Tax recoverable	529	-
Fixed Deposits with licensed banks	4,150	4,150
Cash And Cash Equivalents	26,410	24,495
	<u>78,467</u>	<u>87,068</u>
Total Assets	<u><u>232,466</u></u>	<u><u>170,940</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	198,034	134,284
Warrants reserve	19,442	19,442
Other reserves	(13,738)	(13,738)
Retained earnings	22,550	23,087
	<u>226,288</u>	<u>163,075</u>
Non-controlling interests	1,142	49
Total equity	<u><u>227,430</u></u>	<u><u>163,124</u></u>
Non-current liabilities		
Hire purchase creditors	399	407
Term loans	1,695	1,723
Deferred tax liabilities	64	37
	<u>2,158</u>	<u>2,167</u>
Current liabilities		
Payables	2,556	3,297
Hire purchase creditors	205	185
Bills payable	-	1,392
Amount due to director	-	34
Term loans	117	117
Provision for taxation	-	624
	<u>2,878</u>	<u>5,649</u>
Total liabilities	<u><u>5,036</u></u>	<u><u>7,816</u></u>
Total equity and liabilities	<u><u>232,466</u></u>	<u><u>170,940</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.04</u>	<u>0.05</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 2018 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 2018**

	Current year to date 30 June 2018 (Unaudited) RM'000	Preceding year corresponding period 30 June 2017 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit Before Taxation	(96)	173
Adjustments for :-		
Depreciation and amortization	526	555
Share of associate's results	(468)	(1,335)
Interest expenses	48	23
Interest income	(22)	(14)
	<u>84</u>	<u>(771)</u>
Operating loss before working capital changes	(12)	(598)
Changes in working capital		
Net change in directors	(34)	(15)
Net change in associate company	1,455	112
Net change in inventories	(662)	42
Net change in trade and other receivables	17,635	1,612
Net change in trade and other payables	(1,473)	(602)
Net cash from operations	<u>16,909</u>	<u>551</u>
Interest received	22	14
Interest paid	(48)	(23)
Tax paid	1,579	(47)
Net cash generated from/(used in) operating activities	<u>18,462</u>	<u>495</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in new subsidiary company	(15,000)	-
(Purchase)/Disposal of plant and equipment	(139)	(7)
Net cash generated from/(used in) investing activities	<u>(15,139)</u>	<u>(7)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue	-	-
Rights Issue expenses	-	-
Term loans	(28)	(28)
Hire Purchase	12	(124)
Bills payable	(1,392)	(690)
Net cash generated from/(used in) financing activities	<u>(1,408)</u>	<u>(842)</u>
Net Change in Cash and Cash Equivalent s	1,915	(354)
Cash and Cash Equivalent s at beginning of the period	24,495	17,096
Cash and Cash Equivalent s at end of the period	<u>26,410</u>	<u>16,742</u>
Represented by :		
Cash and bank balances	26,410	16,742
	<u>26,410</u>	<u>16,742</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 2018 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 2018

	<----- Attributable to equity holders of the Company ----->					Non-controlling interests	Total Equity
	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Warrants Reserve	Other Reserves	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2018	134,284	19,442	(13,738)	23,087	163,075	49	163,124
Acquisition of new subsidiary company	63,750	-	-	-	63,750	1,051	64,801
Loss for the period	-	-	-	(537)	(537)	42	(495)
Balance as at 30 June 2018	198,034	19,442	(13,738)	22,550	226,288	1,142	227,430
Balance as at 1 April 2017	149,083	9,503	(13,738)	(12,472)	132,376	241	132,617
Profit for the period	-	-	-	215	215	(42)	173
Balance as at 30 June 2017	149,083	9,503	(13,738)	(12,257)	132,591	199	132,790

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 2018 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 ("FPE") 31 March 2018 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 2018. 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 2018.

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

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 27 April 2018, 1,593,750,000 EAH Consideration Shares were issued pursuant to the proposed acquisition of Sunland Volonte Agency Sdn Bhd and 1,087,061,194 Warrants E were issued pursuant to the proposed bonus issue of up to 1,596,354,405 Warrants in EAH ("Warrant(s) E") on the basis of five (5) free Warrants E for every 16 existing ordinary shares of EAH ("EAH Shares") held by the shareholders of EAH;
- b) As at 30 June 2018, the following warrants have not been exercised :-

Warrants B	232,783,944 units
Warrants C	403,067,132 units
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 June 2018	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	433	754	759	5,192	-	7,138
Cost of sales	(149)	(304)	(530)	(3,214)	-	(4,197)
Segment profit	284	450	229	1,978	-	2,941
Share of associate's results						468
Loss before taxation						(96)
Income tax expenses						(399)
Loss after tax						(495)
Other comprehensive income						-
Total comprehensive loss						(495)

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 June 2018.

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, save as disclosed below :-

- (i) On 27 April 2018, the Group completed the acquisition of 90% equity interest in Sunland Volonte Agency Sdn Bhd. for a purchase consideration of RM78,750,000, satisfied via a combination of cash payment of RM15,000,000 and the issuance and allotment of 1,593,750,000 new ordinary shares of EAH at the issue price of RM0.04 per EAH Share amounting to RM63,750,000.

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 2018.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 30 June 2018 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 30.06.18 (RM'000)	Preceding Year Corresponding Quarter 30.06.17 (RM'000)	Changes		Current Year To-Date 30.06.18 (RM'000)	Preceding Year Corresponding Period 30.06.17 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	7,138	4,046	3,092	76.4	7,138	4,046	3,092	76.4
Operating (Loss)/Income	(516)	(1,139)	623	(54.7)	(516)	(1,139)	623	(54.7)
Share of associate's results	468	1,335	(867)	(64.9)	468	1,335	(867)	(64.9)
Profit/(Loss) before tax	(96)	173	(269)	(155.5)	(96)	173	(269)	(155.5)
Profit/(Loss) after tax	(495)	173	(668)	(386.1)	(495)	173	(668)	(386.1)
Profit/(Loss) attributable to Equity holders of the Company	(537)	215	(752)	(349.8)	(537)	215	(752)	(349.8)

For the current financial quarter ended 30 June 2018, the Group recorded revenue of RM7.138 million, which is an increase of RM3.092 million compared to the same period in the last financial year. The increase is due to the consolidation of results of the newly acquired subsidiary company, Sunland Volonte Agency Sdn Bhd (“Sunland”), who contributed RM5.192 million in revenue.

Weak revenue from the other segments of the Group, namely the ICT Services, Software Solutions and Automation Systems mainly contributed to the loss before tax of RM0.096 million for the current financial quarter ended 30 June 2018, due to the weak market conditions for their relevant products and services. The lower share of associate’s results, which was due to slower progress billings for their water treatment projects, also contributed to the loss before tax for the current financial quarter.

Revenue by segment :

	Individual Period				Cumulative Period			
	Current Year Quarter 30.06.18 (RM'000)	Preceding Year Corresponding Quarter 30.06.17 (RM'000)	Changes		Current Year To-Date 30.06.18 (RM'000)	Preceding Year Corresponding Period 30.06.17 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
ICT Services	433	1,024	(591)	(57.7)	433	1,024	(591)	(57.7)
Software Solutions	754	1,980	(1,226)	(61.9)	754	1,980	(1,226)	(61.9)
Automation systems	759	1,042	(283)	(27.2)	759	1,042	(283)	(27.2)
F&B Distribution	5,192	-	5,192	N/A	5,192	-	5,192	N/A
Total	7,138	4,046	3,092	76.4	7,138	4,046	3,092	76.4

ICT Services Segment

For current financial quarter, ICT services contributed 6.1% of the Group's revenue, which was a decrease of RM0.591 million compared to the same period last year, due to lower project wins and progress billings. The lower project wins were due to lower number of jobs available in the market and increased competition from new vendors.

Software Solutions Segment

For current financial quarter, Software Solutions contributed 10.6% of the Group's revenue, which was a decrease of RM1.226 million compared to the same period last year, due to lower project billings during the current period.

Automation Systems Segment

For current financial quarter, Automation Systems contributed 10.6% of the Group's revenue, which was a decrease of RM0.283 million compared to the same period last year, mainly due to differences in billing milestones for the current financial quarter.

F&B Distribution Segment

This is a new revenue stream for the Group pursuant to the acquisition of Sunland. Sunland is principally engaged in the selling and distributing of packet drinks, snacks and related products which include, amongst others, fruit juice, premium biscuits, canned fruits, jams and spreads, olive oil and vinegar as well as pasta. At present, Sunland is the agent and distributor in Malaysia to 28 foods and beverages brands, of which the major brands include, Basso, Baronia, SICA or SICA Tomatoes, Loreto, Trucillo, Bonomi, Kronos, and D'Amico and is selling and distributing approximately 150 products. For current financial quarter, F&B Distribution contributed 72.7% of the Group's revenue.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 30.06.18 (RM'000)	Immediate Preceding Quarter 31.03.18 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	7,138	9,224	(2,086)	(22.6)
Operating Loss	(516)	(6,554)	6,038	(92.1)
Share of associate's results	468	905	(437)	(48.3)
Loss before tax	(96)	(5,643)	5,547	(98.3)
Loss after tax	(495)	(5,673)	5,178	(91.3)
Loss attributable to equity holders of the Company	(537)	(5,617)	5,080	(90.4)

The Group's revenue for the current quarter decreased by RM2.086 million, which was mainly due to the blockish nature of the Group's revenue, which are based on project milestones and are not spread evenly over the course of the financial year. Notwithstanding that, the strong recurrent nature of the Sunland's revenue is expected to mitigate the uneven nature of the Group's revenues quarter on quarter.

Losses for the current financial quarter is lower as there was no provision for impairment as compared to the preceding financial quarter, which recorded an impairment for goodwill of

RM3.750 million due to a higher discount rate of 13.7% being used in the calculation of the carrying value of the cash generating units related to the goodwill for FYE 31 March 2018 (FYE 31 March 2017: 9.4%). Amongst the factors that contributed to the high discount rate were the volatility of the EAH's share prices and ratio of equity versus debt, which are considerably higher for the current financial year ended 31 March 2018 as compared to previous year.

B3. Prospects for 2018/2019

The outlook for the ICT market is still very weak 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, competition is much tougher as we noted more companies are vying for the same jobs. The recently completed acquisition of Sunland Volonte Agency Sdn Bhd and diversification into non-ICT sector will mitigate the Group's dependence on the ICT sector and provide much needed revenue and profit stability to 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

	Current Quarter 30.06.18 (RM'000)	Cumulative Year-to-Date 30.06.18 (RM'000)
Current tax	399	399
	399	399

For the current financial quarter and cumulative financial quarter, the effective tax rate of the Group is higher than the statutory rate as only two (2) subsidiary companies were in a tax profit positions while the other subsidiary companies 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

The status of utilisation of the gross proceeds of RM39.755 million from the Rights Issue by the Company as at 30 June 2018 are as follows:-

Purposes	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)	Deviation (RM'000)	Intended timeframe for Utilisation	Explanation
Future viable investments	15,000	15,000	-	-	Within 24 months from completion	
Repayment of borrowings	5,000	4,474	526	-	Within 24 months from completion	
Working capital	18,755	2,555	16,200	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
Total	39,755	23,110	16,645	-		

B8. Group borrowings and debt securities

The Group's borrowings as at 30 June 2018 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
Secured		
Term Loans	117	1,695
Hire purchase creditors	205	399
Total	322	2,094

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 30.06.18 (RM'000)	Cumulative Year-to-date 30.06.18 (RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	22	22
Interest expense	(48)	(48)
Depreciation and amortization	(526)	(526)

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 30.06.18	Preceding Year Corresponding Quarter 30.06.17	Current Year To-Date 30.06.18	Preceding Year Corresponding Period 30.06.17
Profit/(Loss) attributable to the equity holders of the Company	(RM'000)	(537)	215	(537)	215
Weighted average number of shares in issue	('000)	4,616,991	2,650,361	4,616,991	2,650,361
Basic earnings/(loss) per share	(Sen)	(0.01)	0.01	(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
Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 30 August 2018