

## EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	----- Individual Quarter -----		Cumulative Quarter
	Current year quarter 30 September 2020	Preceding year corresponding quarter 30 September 2019	Current year to date 30 September 2020
	RM'000	RM'000	RM'000
<b>Revenue</b>	11,461	N/A	50,186
Cost of Sales	<u>(9,019)</u>	<u>N/A</u>	<u>(31,051)</u>
<b>Gross Profit</b>	2,442	N/A	19,135
Other Operating Income	5,264	N/A	5,769
Operating Expenses	(56,670)	N/A	(70,799)
Depreciation and amortization	<u>(418)</u>	<u>N/A</u>	<u>(1,587)</u>
Operating (Loss)/Profit	(49,382)	N/A	(47,482)
Share of associate's results	691	N/A	947
Finance cost	<u>(245)</u>	<u>N/A</u>	<u>(547)</u>
<b>(Loss)/Profit Before Tax</b>	(48,936)	N/A	(47,082)
Taxation	<u>(187)</u>	<u>N/A</u>	<u>(2,168)</u>
<b>(Loss)/Profit After Tax</b>	(49,123)	N/A	(49,250)
Other comprehensive income	-	N/A	-
<b>Total comprehensive (loss)/profit</b>	<u><b>(49,123)</b></u>	<u><b>N/A</b></u>	<u><b>(49,250)</b></u>
<b>(Loss)/Profit attributable to :</b>			
Equity holders of the Company	(49,209)	N/A	(49,758)
Non-controlling interests	86	N/A	508
	<u><b>(49,123)</b></u>	<u><b>N/A</b></u>	<u><b>(49,250)</b></u>
<b>Total comprehensive (loss)/profit attributable to :</b>			
Equity holders of the Company	(49,209)	N/A	(49,758)
Non-controlling interests	86	N/A	508
	<u><b>(49,123)</b></u>	<u><b>N/A</b></u>	<u><b>(49,250)</b></u>
Weighted average no. of ordinary shares in issue ('000)	5,072,361	N/A	5,072,360
(Loss)/Earnings per share (sen):-			
a) Basic	(0.97)	N/A	(0.98)

^ As at 30 September 2020, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM4.733 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 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 2020**

	As at 30 September 2020 (Unaudited) RM'000	As at 31 March 2019 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,235	7,125
Right-of-use assets	228	-
Investment in Associate Company	18,716	51,177
Intangible Assets - Goodwill on consolidation	48,804	68,804
Intangible Assets - Development costs	-	510
	<u>73,983</u>	<u>127,616</u>
<b>Current assets</b>		
Inventories	2,791	2,532
Receivables	26,535	23,077
Contract Assets	1,347	-
Amount owing by Associate Company	2,941	4,270
Fixed Deposits with licensed banks	3,873	4,384
Short-term money market deposit	7,929	3,600
Cash And Cash Equivalents	18,266	19,570
	<u>63,682</u>	<u>57,433</u>
<b>Total Assets</b>	<u><u>137,665</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	(77,997)	(28,239)
	<u>125,741</u>	<u>175,499</u>
Non-controlling interests	1,092	584
<b>Total equity</b>	<u><u>126,833</u></u>	<u><u>176,083</u></u>
<b>Non-current liabilities</b>		
Hire purchase creditors	103	299
Borrowings	1,514	1,604
Deferred tax liabilities	449	468
	<u>2,066</u>	<u>2,371</u>
<b>Current liabilities</b>		
Payables	4,002	2,774
Contract liabilities	623	1,251
Lease liabilities	246	-
Amount due to director	16	44
Borrowings	2,829	123
Hire purchase creditors	82	200
Bank overdraft	-	1,436
Provision for taxation	968	767
	<u>8,766</u>	<u>6,595</u>
<b>Total liabilities</b>	<u><u>10,832</u></u>	<u><u>8,966</u></u>
<b>Total equity and liabilities</b>	<u><u>137,665</u></u>	<u><u>185,049</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.02</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 2020**

	Current year to date 30 September 2020 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Loss Before Taxation	(47,082)
Adjustments for :-	
Depreciation and amortization	1,587
Share of associate's results	(947)
Gain on disposal on property, plant and equipment	(90)
Impairment loss on goodwill	20,000
Impairment loss on development cost	83
Impairment loss on investment in associate	33,408
Interest expenses	547
Interest income	(723)
	<u>53,865</u>
<b>Operating profit before working capital changes</b>	<b>6,783</b>
Changes in working capital	
Net change in directors	(28)
Net change in associate company	1,329
Net change in inventories	(259)
Net change in trade and other receivables	(3,458)
Net change in trade and other payables	1,228
Net change in contract assets/contract liabilities	(1,975)
<b>Net cash from operations</b>	<b>3,620</b>
Interest received	723
Interest paid	(547)
Tax paid	(1,986)
<b>Net cash generated from operating activities</b>	<b>1,810</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of plant and equipment	(78)
Proceeds from disposal of PPE	105
<b>Net cash generated from investing activities</b>	<b>27</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Placement of fixed deposits	511
Repayment of lease liability	(189)
Borrowings	2,302
<b>Net cash generated from financing activities</b>	<b>2,624</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>4,461</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>21,734</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>26,195</b>
<b>Represented by :</b>	
Cash and bank balances	26,195
	<u>26,195</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 2020**

	<----- Attributable to equity holders of the Company ----->				Total	Non-controlling interests	Total Equity
	<---- Non-distributable ---->		<Distributable>				
	Share Capital	Warrants Reserve	Other Reserves	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 31 March 2019 (Audited)</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>
Loss for the period	-	-	-	(49,758)	(49,758)	508	(49,250)
<b>Balance as at 30 September 2020</b>	<b>198,034</b>	<b>19,442</b>	<b>(13,738)</b>	<b>(77,997)</b>	<b>125,741</b>	<b>1,092</b>	<b>126,833</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. Change in Financial Year End**

As announced on 13 March 2020, the Group has changed its financial year end from 31 March 2020 to 30 September 2020. Accordingly, the current financial period covers an eighteen (18) months period from 1 April 2019 to 30 September 2020.

##### **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 Year Ended ("FPE") 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").

##### **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 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.

##### **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 FYE 31 March 2019.

**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 :-

- a) For the cumulative financial quarter ended 30 September 2020, new EAH shares were issued arising from the exercise of the Company's warrants as follows :-

	Cumulative Year to date 30 September 2020
Warrants C	8,496

- b) As at 30 June 2020, 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

**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 September 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	4,976	163	1,376	4,946	-	11,461
Cost of sales	(4,324)	(109)	(1,232)	(3,354)	-	(9,019)
Segment profit	652	54	144	1,592	-	2,442
Share of associate's results						691
Loss before taxation						(48,936)
Income tax expenses						(187)
Loss after tax						(49,123)
Other comprehensive income						-
<b>Total comprehensive loss</b>						<b>(49,123)</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.

#### 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 September 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 FYE 31 March 2019.

**A16. Subsequent material events**

There are no material events subsequent to the financial period ended 30 September 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**

	<b>Individual Period</b>	<b>Cumulative Period</b>
	<b>Current Year Quarter</b>	<b>Current Year To-Date</b>
	<b>30.09.20 (RM'000)</b>	<b>30.09.20 (RM'000)</b>
Revenue	11,461	50,186
Operating Loss	(49,382)	(47,482)
Share of associate's results	691	947
Loss before tax	(48,936)	(47,082)
Loss after tax	(49,123)	(49,250)
Loss attributable to Equity holders of the Company	(49,209)	(49,758)

For the current financial quarter ended 30 September 2020, the Group recorded revenue of RM11.461 million, which is mainly contributed by ICT Services Segment (43.4%) and F&B Distribution segment (43.2%) of the Group's revenue.

For the cumulative financial quarter ended 30 September 2020, the Group recorded revenue of RM50.186 million and loss before tax of RM47.082 million. For the current financial year, The Group provided impairment losses amounting to RM54.062 million for its tangible and intangible assets, in compliance with approved accounting standards.

**Revenue by segment :**

	<b>Individual Period</b>	<b>Cumulative Period</b>
	<b>Current Year Quarter</b>	<b>Current Year To-Date</b>
	<b>30.09.20 (RM'000)</b>	<b>30.09.20 (RM'000)</b>
ICT Services	4,976	8,224
Software Solutions	163	4,433
Automation systems	1,376	7,325
F&B Distribution	4,946	30,204
<b>Total</b>	<b>11,461</b>	<b>50,186</b>

### **ICT Services Segment**

For current and cumulative financial quarter, ICT services contributed 43.4% and 16.4% respectively of the Group's revenue. There was higher progress billing during current financial quarter due to ramping up on the project progress to mitigate the MCO-related delays.

### **Software Solutions Segment**

For current financial and cumulative quarter, Software Solutions contributed 1.4% and 8.8% respectively 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 12.0% and 14.6% respectively of the Group's revenue. The main revenue contributions from this segment came from integrated security division.

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

For current financial and cumulative quarter, F&B Distribution contributed 43.2% and 60.2% respectively 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 30.09.20 (RM'000)	Immediate Preceding Quarter 30.06.20 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	11,461	5,003	6,458	(129.1)
Operating Loss	(49,382)	(854)	(48,528)	(5,682.4)
Share of associate's results	691	(28)	719	2,567.9
Loss before tax	(48,936)	(949)	(47,987)	(5,056.6)
Loss after tax	(49,123)	(1,216)	(47,907)	(3,939.7)
Loss attributable to equity holders of the Company	(49,209)	(1,262)	(47,947)	(3,799.3)

The Group's revenue for the current quarter increased by RM6.458 million, mainly due to increases in contribution from ICT Services, Automation System and F&B Distribution segments, with the ICT Services segment recording the biggest increase of RM4.545 million due to the higher progress billings. The increase in loss before tax of RM47.987 million was mainly attributable to the impairment losses amounting to RM54.062 million provided during current quarter, in compliance with approved accounting standards.

### **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 COVID-19.

### **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 30.09.20 (RM'000)</b>	<b>Cumulative Year-to-Date 30.09.20 (RM'000)</b>
Current tax	187	2,168
	<b>187</b>	<b>2,168</b>

For the current financial quarter and cumulative financial quarter, the effective tax rates of the Group are lower than the statutory rate as certain subsidiary companies of the Group were in tax profit 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 30 September 2020 are as follows:-

	<b>Short Term</b>	<b>Long Term</b>
<b>Secured</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Term Loans	129	1,514
Project Financing	2,700	-
Hire purchase creditors	82	103
<b>Total</b>	<b>2,911</b>	<b>1,617</b>

**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. (Loss)/Profit for the period**

	<b>Current Quarter Ended 30.09.20</b>	<b>Cumulative Year-to-date 30.09.20</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
This is arrived at after (charging)/crediting :-		
Interest income	597	723
Refund from shortfall in profit guarantee	4,469	4,469
Gain on disposal of property, plant and equipment	-	90
Interest expense	(245)	(547)
Depreciation and amortization	(418)	(1,587)
Impairment loss on goodwill	(20,000)	(20,000)
Impairment loss on development cost	(83)	(83)
Impairment loss on receivables	(571)	(571)
Impairment loss on investment in associate company	(33,408)	(33,408)

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 30.09.20	Current Year To-Date 30.09.20
Loss attributable to the equity holders of the Company	(RM'000)	(49,209)	(49,758)
Weighted average number of shares in issue	('000)	5,072,361	5,072,360
Basic loss per share	(Sen)	(0.97)	(0.98)

(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 November 2020