

EA HOLDINGS BERHAD (878041-A)

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

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 September 2021 RM'000	Preceding year corresponding quarter 30 September 2020 RM'000	Current year to date 30 September 2021 RM'000	Preceding year corresponding period 30 September 2020 RM'000
<b>Revenue</b>	9,159	N/A	45,101	N/A
Cost of Sales	(4,126)	N/A	(30,278)	N/A
<b>Gross Profit</b>	5,033	N/A	14,823	N/A
Other Operating Income	697	N/A	1,107	N/A
Operating Expenses	(23,512)	N/A	(30,749)	N/A
Depreciation and amortization	(213)	N/A	(675)	N/A
Operating Loss	(17,995)	N/A	(15,494)	N/A
Share of associate's results	1,392	N/A	3,143	N/A
Finance cost	(145)	N/A	(420)	N/A
<b>Loss Before Tax</b>	(16,748)	N/A	(12,771)	N/A
Taxation	(348)	N/A	(1,419)	N/A
<b>Loss After Tax</b>	(17,096)	N/A	(14,190)	N/A
Other comprehensive income	-	N/A	-	N/A
<b>Total comprehensive loss</b>	<b>(17,096)</b>	<b>N/A</b>	<b>(14,190)</b>	<b>N/A</b>
<b>Loss attributable to :</b>				
Equity holders of the Company	(17,222)	N/A	(14,604)	N/A
Non-controlling interests	126	N/A	414	N/A
	<b>(17,096)</b>	<b>N/A</b>	<b>(14,190)</b>	<b>N/A</b>
<b>Total comprehensive loss attributable to :</b>				
Equity holders of the Company	(17,222)	N/A	(14,604)	N/A
Non-controlling interests	126	N/A	414	N/A
	<b>(17,096)</b>	<b>N/A</b>	<b>(14,190)</b>	<b>N/A</b>
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	(0.34)	N/A	(0.29)	N/A

^ As at 30 September 2021, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM15,718,000.

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 SEPTEMBER 2021**

	As at 30 September 2021 (Unaudited) RM'000	As at 30 September 2020 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,795	6,143
Right-of-use assets	21	319
Investment in Associate Company	21,013	17,870
Intangible Assets - Goodwill on consolidation	34,987	47,044
Other receivables	2,448	2,798
	<u>64,264</u>	<u>74,174</u>
<b>Current assets</b>		
Inventories	5,404	3,697
Receivables	24,209	21,302
Contract Assets	1,830	1,970
Amount owing by Associate Company	4,066	3,314
Tax recoverable	51	82
Fixed Deposits with licensed banks	4,049	3,873
Short-term money market deposit	2,173	1,000
Cash And Cash Equivalents	15,222	25,717
	<u>57,004</u>	<u>60,955</u>
<b>Total Assets</b>	<u><u>121,268</u></u>	<u><u>135,129</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	198,035	198,035
Warrants reserve	9,939	9,939
Other reserves	(13,738)	(13,738)
Accumulated losses	(87,219)	(72,615)
	<u>107,017</u>	<u>121,621</u>
Non-controlling interests	1,519	1,105
<b>Total equity</b>	<u><u>108,536</u></u>	<u><u>122,726</u></u>
<b>Non-current liabilities</b>		
Borrowings	1,401	1,514
Lease liabilities	46	198
Deferred tax liabilities	412	425
	<u>1,859</u>	<u>2,137</u>
<b>Current liabilities</b>		
Payables	5,934	4,892
Contract liabilities	537	874
Lease liabilities	83	233
Amount due to director	15	15
Borrowings	3,870	128
Bank overdraft	-	3,235
Provision for taxation	434	889
	<u>10,873</u>	<u>10,266</u>
<b>Total liabilities</b>	<u><u>12,732</u></u>	<u><u>12,403</u></u>
<b>Total equity and liabilities</b>	<u><u>121,268</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 SEPTEMBER 2021**

	Current year to date 30 September 2021 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit Before Taxation	(12,771)
Adjustments for :-	
Depreciation and amortization	675
Share of associate's results	(3,143)
Impairment loss on goodwill	12,057
Impairment loss on receivables	8,029
Interest expenses	420
Interest income	(175)
	<u>17,863</u>
<b>Operating profit before working capital changes</b>	5,092
Changes in working capital	
Net change in associate company	(752)
Net change in inventories	(1,707)
Net change in trade and other receivables	(10,586)
Net change in trade and other payables	1,042
Net change in contract assets/contract liabilities	(197)
<b>Net cash used in operations</b>	<u>(7,108)</u>
Interest received	175
Interest paid	(420)
Tax paid	(1,856)
<b>Net cash used in operating activities</b>	<u>(9,209)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of plant and equipment	(85)
<b>Net cash used in investing activities</b>	<u>(85)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Placement of fixed deposits	(176)
Repayment of lease liability	(246)
Borrowings	3,629
<b>Net cash generated from financing activities</b>	<u>3,207</u>
<b>Net Change in Cash and Cash Equivalents</b>	(6,087)
<b>Cash and Cash Equivalents at beginning of the period</b>	23,482
<b>Cash and Cash Equivalents at end of the period</b>	<u><u>17,395</u></u>
<b>Represented by :</b>	
Cash and bank balances	17,395
	<u><u>17,395</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 SEPTEMBER 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
<b>Balance as at 30 September 2020 (Audited)</b>	<b>198,035</b>	<b>9,939</b>	<b>(13,738)</b>	<b>(72,615)</b>	<b>121,621</b>	<b>1,105</b>	<b>122,726</b>
Loss for the period	-	-	-	(14,604)	(14,604)	414	<b>(14,190)</b>
<b>Balance as at 30 September 2021</b>	<b>198,035</b>	<b>9,939</b>	<b>(13,738)</b>	<b>(87,219)</b>	<b>107,017</b>	<b>1,519</b>	<b>108,536</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 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 June 2021 to 30 September 2021 and represents the fourth 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 September 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 September 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	786	654	2,892	4,827	-	9,159
Cost of sales	(253)	(479)	(1,214)	(2,180)	-	(4,126)
Segment profit	533	175	1,678	2,647	-	5,033
Share of associate's results						1,392
Loss before taxation						(16,748)
Income tax expenses						(348)
Loss after tax						(17,096)
Other comprehensive income						-
<b>Total comprehensive loss</b>						<b>(17,096)</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 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 September 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**

	<b>Individual Period</b>	<b>Cumulative Period</b>
	<b>Current Year Quarter (3 months) 30.09.21 (RM'000)</b>	<b>Current Year To-Date (12 months) 30.09.21 (RM'000)</b>
Revenue	9,159	45,101
Operating Loss	(17,995)	(15,494)
Share of associate's results	1,392	3,143
Loss before tax	(16,748)	(12,771)
Loss after tax	(17,096)	(14,190)
Loss attributable to Equity holders of the Company	(17,222)	(14,604)

For the current and cumulative financial quarter ended 30 September 2021, the Group recorded revenue of RM9.159 million and RM45.101 million respectively, which is mainly contributed by F&B Distribution segment (52.7%) and Automation System segment (31.6%). 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.

For the current and cumulative financial quarter ended 30 September 2021, the Group recorded loss before tax of RM16.748 million and RM12.771 million respectively. This is mainly due to the provision of impairment amounting to RM20.086 million during current financial quarter, in compliance with approved accounting standards.

**Revenue by segment :**

	<b>Individual Period</b>	<b>Cumulative Period</b>
	<b>Current Year Quarter (3 months) 30.09.21 (RM'000)</b>	<b>Current Year To-Date (12 months) 30.09.21 (RM'000)</b>
ICT Services	786	9,784
Software Solutions	654	2,519
Automation systems	2,892	12,428
F&B Distribution	4,827	20,370
<b>Total</b>	<b>9,159</b>	<b>45,101</b>

**ICT Services Segment**

For current financial quarter, ICT services contributed 8.6% 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 lower progress billing during current quarter.

**Software Solutions Segment**

For current financial quarter, Software Solutions contributed 7.1% 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 31.6% of the Group's revenue. The main revenue contributions from this segment came from integrated security division and mechanical & electrical works. There was higher progress billing during current financial quarter.

**F&B Distribution Segment**

For current financial quarter, F&B Distribution contributed 52.7% 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 30.09.21 (RM'000)	Immediate Preceding Quarter 31.06.21 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	9,159	11,688	(2,529)	(21.6)
Operating (Loss)/Profit	(17,995)	972	(18,967)	(1,951.3)
Share of associate's results	1,392	1,597	(205)	(12.8)
(Loss)/Profit before tax	(16,748)	2,536	(19,284)	(760.4)
(Loss)/Profit after tax	(17,096)	2,037	(19,133)	(939.3)
(Loss)/Profit attributable to equity holders of the Company	(17,222)	1,917	(19,139)	(998.4)

The Group's revenue for the current quarter decreased by RM2.529 million, mainly attributable to the decrease in ICT services segment due to the lower progress billings. The Group recorded loss before tax of RM16.748 million during current quarter, which was mainly attributable to the provision of impairment losses amounting to RM20.086 million, which is compliance with approved accounting standards.

**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. 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

	<b>Current Quarter 30.09.21 (RM'000)</b>	<b>Cumulative Year-to-Date 30.09.21 (RM'000)</b>
Current tax	348	1,419
	<b>348</b>	<b>1,419</b>

For the current financial quarter and cumulative financial quarter, the effective tax rates is 2.1% and 11.1%, which is 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, save as disclosed below, there are 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 115(A) read together with 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 Ordinary 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").

On 11 November 2021, the shareholders of the Company had approved the above proposals.

**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 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	134	1,401
Project Financing	3,736	-
Lease Liabilities	83	46
Total	3,953	1,447

**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 for the period**

	<b>Current Quarter Ended</b>	<b>Cumulative Year-to-date</b>
	<b>30.09.21</b>	<b>30.09.21</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
This is arrived at after (charging)/crediting :-		
Interest income	109	175
Interest expense	(145)	(420)
Depreciation and amortization	(213)	(675)
Impairment loss on goodwill	(12,057)	(12,057)
Impairment loss on receivables	(8,029)	(8,029)

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) 30.09.21	Current Year To-Date (12 months) 30.09.21
Loss attributable to the equity holders of the Company	(RM'000)	(17,222)	(14,604)
Weighted average number of shares in issue	('000)	5,072,361	5,072,361
Basic loss per share	(Sen)	(0.34)	(0.29)

**(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: 29 November 2021