

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2023

	----- Individual Quarter -----		Cumulative Quarter	
	Current year quarter 30 June 2023	Preceding year corresponding quarter 30 June 2022	Current year to date 30 June 2023	Preceding year corresponding period 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	20,101	11,368	20,101	N/A
Cost of Sales	(16,212)	(7,998)	(16,212)	N/A
Gross Profit	3,889	3,370	3,889	N/A
Other Operating Income	48	342	48	N/A
Operating Expenses	(11,754)	(2,932)	(11,754)	N/A
Depreciation and amortization	(133)	(123)	(133)	N/A
Operating (Loss)/Profit	(7,950)	657	(7,950)	N/A
Share of associate's results	156	54	156	N/A
Finance cost	(70)	(82)	(70)	N/A
(Loss)/Profit Before Tax	(7,864)	629	(7,864)	N/A
Taxation	(390)	(338)	(390)	N/A
(Loss)/Profit After Tax	(8,254)	291	(8,254)	N/A
Other comprehensive income	-	-	-	N/A
Total comprehensive (loss)/profit	(8,254)	291	(8,254)	N/A
(Loss)/Profit attributable to :				
Equity holders of the Company	(8,264)	294	(8,264)	N/A
Non-controlling interests	10	(3)	10	N/A
	(8,254)	291	(8,254)	N/A
Total comprehensive (loss)/profit attributable to :				
Equity holders of the Company	(8,264)	294	(8,264)	N/A
Non-controlling interests	10	(3)	10	N/A
	(8,254)	291	(8,254)	N/A
Weighted average no. of ordinary shares in issue ('000)	6,451,762	6,451,690	6,451,763	N/A
(Loss)/Earnings per share (sen):-				
a) Basic	(0.13)	0.00	(0.13)	N/A

^ As at 30 June 2023, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM781,000
The Group's share of loss 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") 31 March 2023 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 2023**

	As at 30 June 2023 (Unaudited) RM'000	As at 31 March 2023 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,117	5,210
Right-of-use assets	361	318
Investment in Associate Company	9,655	9,499
Intangible Assets - Goodwill on consolidation	34,987	34,987
Other receivables	1,294	1,294
Other investment	4,072	12,529
Deferred tax asset	70	70
	<u>55,556</u>	<u>63,907</u>
Current assets		
Inventories	7,190	7,085
Receivables	27,510	26,583
Contract Assets	12,109	6,603
Tax recoverable	55	55
Fixed Deposits with licensed banks	4,140	4,131
Short-term money market deposit	3,500	3,500
Cash And Cash Equivalents	13,221	19,506
	<u>67,725</u>	<u>67,463</u>
Total Assets	<u><u>123,281</u></u>	<u><u>131,370</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	136,687	136,686
Other reserves	(13,738)	(13,738)
Accumulated losses	(15,618)	(7,354)
	<u>107,331</u>	<u>115,594</u>
Non-controlling interests	(691)	(701)
Total equity	<u><u>106,640</u></u>	<u><u>114,893</u></u>
Non-current liabilities		
Borrowings	1,243	1,275
Lease liabilities	157	157
Deferred tax liabilities	393	393
	<u>1,793</u>	<u>1,825</u>
Current liabilities		
Payables	9,537	7,934
Contract liabilities	205	1,961
Lease liabilities	185	158
Amount due to director	71	88
Borrowings	3,811	3,511
Provision for taxation	1,039	1,000
	<u>14,848</u>	<u>14,652</u>
Total liabilities	<u><u>16,641</u></u>	<u><u>16,477</u></u>
Total equity and liabilities	<u><u>123,281</u></u>	<u><u>131,370</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 31 March 2023 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 2023**

	Current year to date 30 June 2023 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Loss Before Taxation	(7,864)
Adjustments for :-	
Depreciation and amortization	133
Share of associate's results	(156)
Unrealised loss on investment in quoted shares	8,457
Loss on disposal of property, plant and equipment	2
Interest expenses	70
Interest income	(19)
	<u>8,487</u>
Operating profit before working capital changes	623
Changes in working capital	
Net change in inventories	(105)
Net change in trade and other receivables	(927)
Net change in trade and other payables	1,603
Net change in contract assets/contract liabilities	(7,262)
Net cash used in operations	<u>(6,085)</u>
Interest received	19
Interest paid	(70)
Tax paid	(351)
Net cash used in operating activities	<u>(6,487)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Net cash used in investing activities	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Placement of fixed deposits	(9)
Repayment of lease liability	(58)
Proceeds from exercise of warrants	1
Borrowings	268
Net cash generated from financing activities	<u>202</u>
Net Change in Cash and Cash Equivalents	(6,285)
Cash and Cash Equivalents at beginning of the period	23,006
Cash and Cash Equivalents at end of the period	<u><u>16,721</u></u>
Represented by :	
Cash and bank balances	<u>16,721</u>
	<u><u>16,721</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 31 March 2023 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 2023

	----- Attributable to equity holders of the Company -----					
	- Non-distributable -		<Distributable>		Non-controlling interests	Total Equity
	Share Capital	Other Reserves	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31 March 2023 (Audited)	136,686	(13,738)	(7,354)	115,594	(701)	114,893
Exercise of warrant	1	-	-	1	-	1
Loss for the period	-	-	(8,264)	(8,264)	10	(8,254)
Balance as at 31 March 2023	136,687	(13,738)	(15,618)	107,331	(691)	106,640

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 31 March 2023 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 covers three (3) months period from 1 April 2023 to 30 June 2023 and represents the first 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") 31 March 2023 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 2023. 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 31 March 2023.

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.

For the cumulative financial quarter ended 30 June 2023, new EAH shares were issued arising from the exercise of the Company's warrants as follows :-

	Cumulative Year to date 30 June 2023
Warrants E	43,191

* Warrants E had expired on 21 April 2023.

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 2023	ICT Services (RM'000)	Automation Systems (RM'000)	F&B Distribution (RM'000)	Eliminations (RM'000)	Consolidated (RM'000)
Revenue from external customers	3,416	9,173	7,512	-	20,101
Cost of sales	(1,919)	(8,897)	(5,396)	-	(16,212)
Segment profit	1,497	276	2,116	-	3,889
Share of associate's results					156
Loss before taxation					(7,864)
Income tax expenses					(390)
Loss after tax					(8,254)
Other comprehensive loss					-
Total comprehensive loss					(8,254)

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 2023.

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 31 March 2023.

A16. Subsequent material events

On 10 August 2023, EAH had disposed its investment in its associate, Cekap Air Sdn Bhd for RM1.0 million.

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 30.06.23 (RM'000)	Preceding Year Corresponding Quarter 30.06.22 (RM'000)	Changes		Current Year To-Date 30.06.23 (RM'000)
			(RM'000)	(%)	
Revenue	20,101	11,368	8,733	76.8	20,101
Operating (Loss)/Profit	(7,950)	657	(8,607)	(1,310.0)	(7,950)
Share of associate's results	156	54	102	188.9	156
(Loss)/Profit before tax	(7,864)	629	(8,493)	(1,350.2)	(7,864)
(Loss)/Profit after tax	(8,254)	291	(8,545)	(2,936.4)	(8,254)
(Loss)/Profit attributable to Equity holders of the Company	(8,264)	294	(8,558)	(2,910.9)	(8,264)

For the current and cumulative financial quarter ended 30 June 2023, the Group recorded revenue of RM20.101 million, an increase of RM8.733 million compared to the same period in the last financial year. The increase was contributed by all segments.

For the current and cumulative financial quarter ended 30 June 2023, the Group recorded loss before tax of RM7.864 million, a decrease of RM8.493 million compared to the same period in the last financial year. This is mainly attributable to the fair value loss on other investment of RM8.457 million during current quarter.

Revenue by segment :

	Individual Period				Cumulative Period
	Current Year Quarter 30.06.23 (RM'000)	Preceding Year Corresponding 30.06.22 (RM'000)	Changes		Current Year To-Date 30.06.23 (RM'000)
			(RM'000)	(%)	
ICT Services	3,416	2,510	906	36.1	3,416
Automation systems	9,173	2,516	6,657	264.6	9,173
F&B Distribution	7,512	6,342	1,170	18.4	7,512
Total	20,101	11,368	8,733	76.8	20,101

ICT Services Segment

For current financial quarter, ICT services recorded revenue of RM3.416 million, an increase of RM0.906 million as compared to the same period in the last financial year. This is mainly due to the higher progress billing and also ramping up on the project progress which was completed in the current financial quarter.

Automation Systems Segment

For current financial quarter, Automation Systems recorded revenue of RM9.173 million, an increase of RM6.657 million as compared to the same period in the last financial year. The higher progress billing is due to the ramping up on the project progress during current quarter. The main revenue contributions from this segment came from mechanical & electrical works and integrated security division.

F&B Distribution Segment

For current financial quarter, F&B Distribution recorded revenue of RM7.512 million, an increase of RM1.170 million as compared to the same period in the last financial year, which was due to the increase of selling prices in tandem with the higher cost of imported goods sold.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 30.06.23 (RM'000)	Immediate Preceding Quarter 31.03.23 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	20,101	20,873	(772)	(3.7)
Operating Loss	(7,950)	(8,664)	714	(8.2)
Share of associate's results	156	(10,837)	10,993	(101.4)
Loss before tax	(7,864)	(19,730)	11,866	(60.1)
Loss after tax	(8,254)	(20,841)	12,587	(60.4)
Loss attributable to equity holders of the Company	(8,264)	(21,006)	12,742	(60.7)

The Group's revenue for the current quarter decreased by RM0.772 million, mainly contributed by the decrease of revenue in ICT Services segments. The Group recorded loss before tax of RM7.864 million during current quarter, an increase of RM11.866 million as compared to the immediate preceding quarter. The higher loss in previous quarter was mainly attributable to the fair value loss on other investment, provision for impairment losses and share of loss in an associate.

B3. Prospects for 2024

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.

The Group will continue to implement cost control measures across all its operating entities. The actions have been taken to identify and pursue emerging opportunities in order to have better cash flow management.

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 30.06.23 (RM'000)	Cumulative Year-to-Date 30.06.23 (RM'000)
Current tax	390	390
	390	390

For the current financial quarter and cumulative financial quarter, the effective tax rates is 4.96%, which is lower than the statutory rate due to the combination of profits and losses between the various subsidiary companies.

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 June 2023 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
Secured		
Term Loans	138	1,243
Project Overdraft	3,673	-
Lease Liabilities	185	157
Total	3,996	1,400

B9. Material Litigation

There are two material litigations as per followings:

- a) *Mohammad Sobri Bin Saad ("Plaintiff ") vs See Jovin & EA Holdings Berhad ("Defendants") [Hereinafter shall be referred to as Suit 535].*
EAH was served with a Writ and a Notice of Application (“Injunction Application”) vide Suit 535 on 27 July 2023.
- b) *Vinvest Capital Holdings Berhad ("Plaintiff") vs EA Holdings Berhad & See Jovin ("Defendants") [Hereinafter shall be referred to as Suit 536].*
EAH was served with a Writ and a Notice of Application (“Injunction Application”) vide Suit 536 on 28 July 2023.

The Injunction Application was called up for Inter Partes Hearing on 1 August 2023 (Suit 535) and 2 August 2023 (Suit 536) respectively. An ad interim injunction was granted by the High Court with the following terms: -

“Pending the full and final disposal of the Injunction Application, an injunction be granted to restrain and prohibit the Defendants (whether by themselves or their agents, representatives, nominees and/or whosoever) from: -

- 1) transferring, selling, charging, encumbering, processing, communicating, disclosing and/or in any manner dealing with any particulars and/or information of the Plaintiff’s shares in the Company (“the Plaintiff’s Shares”) and/or the Record of Depositors of the Company to any other parties, individuals, companies and/or their agents, representatives, nominees and/or whosoever;
- 2) claiming any rights whatsoever in relation to the Plaintiff’s Shares;
- 3) exercising any rights arising from the Plaintiff’s Shares to vote in full or in part and/or exercising any voting rights and/or any other rights arising thereto; and
- 4) exercising any rights to hold, call and/or requisition for any extraordinary general meeting and/or to pass any resolutions in relation to the Company.”

The Injunction Application is presently fixed for Inter Partes Hearing on 22 September 2023 (Suit 535) and 10 October 2023 (Suit 536) respectively whilst the Writ is to be case managed on the same day.

There is no material financial and operational impact arising from the above.

B10. Dividends

No interim dividends have been declared during the current financial year-to-date.

B11. Profit/(Loss) for the period

	Current Quarter Ended 30.06.23 (RM'000)	Cumulative Year-to-date 30.06.23 (RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	19	19
Loss on disposal of property, plant and equipment	(2)	(2)
Interest expense	(70)	(70)
Depreciation and amortization	(133)	(133)
Fair value loss on other investment	(8,457)	(8,457)

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 30.06.23	Preceding Year Corresponding 30.06.22	Current Year To-Date 30.06.23
(Loss)/Profit attributable to the equity holders of the Company	(RM'000)	(8,264)	294	(8,264)
Weighted average number of shares in issue	('000)	6,451,762	6,451,690	6,451,763
Basic loss per share	(Sen)	(0.13)	0.00	(0.13)

(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 August 2023