

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2019

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2019 RM'000	Preceding year corresponding quarter 31 December 2018 RM'000	Current year to date 31 December 2019 RM'000	Preceding year corresponding period 31 December 2018 RM'000
Revenue	9,750	9,791	26,062	29,941
Cost of Sales	(5,423)	(5,837)	(14,190)	(19,701)
Gross Profit	4,327	3,954	11,872	10,240
Other Operating Income	35	41	148	192
Operating Expenses	(2,942)	(3,578)	(8,407)	(10,175)
Depreciation and amortization	(241)	(565)	(731)	(1,718)
Operating Profit/(Loss)	1,179	(148)	2,882	(1,461)
Share of associate's results	(91)	4	330	589
Finance cost	(118)	(66)	(153)	(194)
Profit/(Loss) Before Tax	970	(210)	3,059	(1,066)
Taxation	(479)	(439)	(1,430)	(1,046)
Profit/(Loss) After Tax	491	(649)	1,629	(2,112)
Other comprehensive income	-	-	-	-
Total comprehensive loss	491	(649)	1,629	(2,112)
Profit/(Loss) attributable to :				
Equity holders of the Company	371	(714)	1,284	(2,269)
Non-controlling interests	120	65	345	157
	491	(649)	1,629	(2,112)
Total comprehensive profit/(loss) attributable to :				
Equity holders of the Company	371	(714)	1,284	(2,269)
Non-controlling interests	120	65	345	157
	491	(649)	1,629	(2,112)
Weighted average no. of ordinary shares in issue ('000)	5,072,361	5,072,348	5,072,359	4,921,666
Earnings/(Loss) per share (sen):-				
a) Basic	0.01	(0.01)	0.03	(0.05)

^ As at 31 December 2019, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM1.649 million.
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 ("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 31 DECEMBER 2019**

	As at 31 December 2019 (Unaudited) RM'000	As at 31 March 2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,682	7,125
Investment in Associate Company	51,507	51,177
Intangible Assets - Goodwill on consolidation	68,804	68,804
Intangible Assets - Development costs	255	510
	<u>127,248</u>	<u>127,616</u>
Current assets		
Inventories	3,245	2,532
Receivables	24,728	23,077
Amount owing by Associate Company	4,618	4,270
Fixed Deposits with licensed banks	4,444	4,384
Short-term money market deposit	6,500	3,600
Cash And Cash Equivalents	17,094	19,570
	<u>60,629</u>	<u>57,433</u>
Total Assets	<u><u>187,877</u></u>	<u><u>185,049</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	198,034	198,034
Warrants reserve	19,442	19,442
Other reserves	(13,738)	(13,738)
Accumulated losses	(26,955)	(28,239)
	<u>176,783</u>	<u>175,499</u>
Non-controlling interests	929	584
Total equity	<u><u>177,712</u></u>	<u><u>176,083</u></u>
Non-current liabilities		
Hire purchase creditors	201	299
Borrowings	1,490	1,604
Deferred tax liabilities	468	468
	<u>2,159</u>	<u>2,371</u>
Current liabilities		
Payables	2,720	2,774
Contract liabilities	-	1,251
Amount due to director	-	44
Borrowings	4,127	123
Hire purchase creditors	139	200
Bank overdraft	-	1,436
Provision for taxation	1,020	767
	<u>8,006</u>	<u>6,595</u>
Total liabilities	<u><u>10,165</u></u>	<u><u>8,966</u></u>
Total equity and liabilities	<u><u>187,877</u></u>	<u><u>185,049</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.03</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 31 DECEMBER 2019**

	Current year to date 31 December 2019 (Unaudited) RM'000	Preceding year corresponding period 31 December 2018 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	3,059	(1,066)
Adjustments for :-		
Depreciation and amortization	731	1,718
Share of associate's results	(330)	(589)
Interest expenses	153	194
Interest income	(66)	(114)
	<u>488</u>	<u>1,209</u>
Operating profit before working capital changes	3,547	143
Changes in working capital		
Net change in directors	(44)	(34)
Net change in associate company	(348)	3,005
Net change in inventories	(713)	(1,470)
Net change in trade and other receivables	(1,651)	14,575
Net change in trade and other payables	(54)	(505)
Net change in contract assets/contract liabilities	(1,251)	-
Net cash from operations	<u>(514)</u>	<u>15,714</u>
Interest received	66	114
Interest paid	(153)	(194)
Tax (paid)/received	(1,177)	11
Net cash (used in)/generated from operating activities	<u>(1,778)</u>	<u>15,645</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in new subsidiary company	-	(15,000)
Purchase of plant and equipment	(33)	(122)
Deposit for acquisition of subsidiary company	-	(17)
Net cash used in investing activities	<u>(33)</u>	<u>(15,139)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Placement of fixed deposits	(60)	-
Repayment of borrowings	3,731	(498)
Net cash generated from/(used in) in financing activities	<u>3,671</u>	<u>(498)</u>
Net Change in Cash and Cash Equivalents	1,860	8
Cash and Cash Equivalents at beginning of the period	21,734	24,495
Cash and Cash Equivalents at end of the period	<u>23,594</u>	<u>24,503</u>
Represented by :		
Cash and bank balances	23,594	24,503
	<u>23,594</u>	<u>24,503</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 31 DECEMBER 2019

	<----- Attributable to equity holders of the Company ----->					Non-controlling interests	Total Equity
	<---- Non-distributable ---->			<Distributable>			
	Share Capital	Warrants Reserve	Other Reserves	Losses)/Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2019	198,034	19,442	(13,738)	(28,239)	175,499	584	176,083
Profit for the period	-	-	-	1,284	1,284	345	1,629
Balance as at 31 December 2019	198,034	19,442	(13,738)	(26,955)	176,783	929	177,712
				-			
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	-	-	(796)	62,954	923	63,877
Loss for the period	-	-	-	(2,269)	(2,269)	157	(2,112)
Balance as at 31 December 2018	198,034	19,442	(13,738)	20,022	223,760	1,129	224,889

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. 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 ("FYE") 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").

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 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.

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 2019.

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 -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 31 December 2019, new EAH shares were issued arising from the exercise of the Company's warrants as follows :-

	Cumulative Year to date 31 December 2019
Warrants C	8,496

- b) As at 31 December 2019, 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

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 31 December 2019	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	637	870	1,822	6,421	-	9,750
Cost of sales	(217)	(184)	(1,142)	(3,880)	-	(5,423)
Segment profit	420	686	680	2,541	-	4,327
Share of associate's results						(91)
Profit before taxation						970
Income tax expenses						(479)
Profit after tax						491
Other comprehensive income						-
Total comprehensive profit						491

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 31 December 2019.

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.

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 2019.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2019 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 31.12.19 (RM'000)	Preceding Year Corresponding Quarter 31.12.18 (RM'000)	Changes		Current Year To-Date 31.12.19 (RM'000)	Preceding Year Corresponding Period 31.12.18 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	9,750	9,791	(41)	(0.4)	26,062	29,941	(3,879)	(13.0)
Operating Profit/(Loss)	1,179	(148)	1,327	(896.6)	2,882	(1,461)	4,343	(297.3)
Share of associate's results	(91)	4	(95)	(2,375.0)	330	589	(259)	(44.0)
Profit/(Loss) before tax	970	(210)	1,180	561.9	3,059	(1,066)	4,125	387.0
Profit/(Loss) after tax	491	(649)	1,140	175.7	1,629	(2,112)	3,741	177.1
Profit/(Loss) attributable to Equity holders of the Company	371	(714)	1,085	152.0	1,284	(2,669)	3,953	148.1

For the current financial quarter ended 31 December 2019, the Group recorded revenue of RM9.750 million, a decrease of RM0.041 million compared to the same period in the last financial year. The decrease is mainly due to the decrease in Automation systems segment of RM0.962 million. The decrease is due to the lesser project wins from the building management systems and integrated security sub-segment sales during current financial quarter compared to previous year. However, the increase of revenue in F&B distribution segment of RM1.055 million has mitigated the decrease of revenue contributed by Automation systems segment.

Notwithstanding that, the Group recorded a turn-around profit before tax during current financial quarter, mainly attributable to the higher profit margin as most of the billables were for training and consultancy services. In addition, savings from tighter cost control and reduction in provision for depreciation and amortization also contributed to the better results.

For the cumulative financial quarter ended 31 December 2019, the Group recorded revenue of RM26.062 million, a decrease of RM3.879 million as compared to the same period in the last financial year. The decrease is mainly attributable to the decrease in contribution by the ICT Services segment, due to the lower projects wins and lower progress billings during current financial year.

Revenue by segment :

	Individual Period				Cumulative Period			
	Current	Preceding	Changes		Current	Preceding	Changes	
	Year Quarter 31.12.19 (RM'000)	Year Corresponding Quarter 31.12.18 (RM'000)	(RM'000)	(%)	Year To-Date 31.12.19 (RM'000)	Year Corresponding Period 31.12.18 (RM'000)	(RM'000)	(%)
ICT Services	637	851	(214)	(25.1)	2,040	6,323	(4,283)	(67.7)
Software Solutions	870	790	80	10.1	3,296	2,337	959	41.0
Automation systems	1,822	2,784	(962)	(34.6)	4,121	5,406	(1,285)	(23.8)
F&B Distribution	6,421	5,366	1,055	19.7	16,605	15,875	730	4.6
Total	9,750	9,791	(41)	(0.4)	26,062	29,941	(3,879)	(13.0)

ICT Services Segment

For current financial quarter, ICT services contributed 6.5% of the Group's revenue, a decrease of RM0.214 million compared to the same period last year. For the financial-year-to-date, ICT services recorded decrease revenue of RM4.283 million as compared to the same period last year, due to the lesser projects wins during current financial year. The lesser project wins were due to the increased competition from new vendors and lower number of new jobs available in the market.

Software Solutions Segment

For current financial quarter, Software Solutions contributed 8.9% of the Group's revenue, an increase of RM0.080 million compared to the same period last year, due to higher progress billings during the current period.

Automation Systems Segment

For current financial quarter, Automation Systems contributed 18.7% of the Group's revenue, a decrease of RM0.962 million compared to the same period last year, due to the lower contribution from the building management systems and integrated security sub-segment sales.

F&B Distribution Segment

For current financial quarter, F&B Distribution contributed 65.9% of the Group's revenue, an increase of RM1.055 million compare to the same period last year, due to the increase of orders from the retail customers. This segment remained as the main contributor of the revenue stream for the Group.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.12.19 (RM'000)	Immediate Preceding Quarter 30.09.19 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	9,750	7,826	1,924	24.6
Operating Profit	1,179	841	338	(40.2)
Share of associate's results	(91)	200	(291)	145.5
Profit before tax	970	1,012	(42)	4.2
Profit after tax	491	540	(49)	9.1
Profit attributable to equity holders of the Company	371	458	(87)	19.0

The Group's revenue for the current quarter increased by RM1.924 million, mainly due to increases in contribution from the Automation Systems of RM0.536 million due to higher progress billing, and also F&B Distribution of RM1.462 million due to the increase of orders from the retail customers. The Group recorded decrease in profit before tax of RM0.042 million, which was mainly due to the higher operating expenses.

B3. Prospects for 2020/2021

The double impact of new competitors and lack of new projects had created a very challenging period for the Group 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, the competition become tougher as the barrier to enter in the ICT industry is low and more companies are vying for the same jobs. Notwithstanding that, the Group is constantly seeking for the new opportunities and have successfully secured a new project amounting RM 21.375 million in January 2020.

The strong positive impact of acquisition of Sunland during last financial year had mitigate the Group's dependence on ICT sector, which was in line with its diversification strategy into non-ICT sector and contribute profit stability and better performance to the Group. Moving forwards, the Group will continue to pursue the diversification strategy either organically, or via mergers and acquisition of potential companies that would be able to generate strong recurrent income and strong positive cash flow for 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 31.12.19 (RM'000)	Cumulative Year-to-Date 31.12.19 (RM'000)
Current tax	(479)	(1,430)
	(479)	(1,430)

For the current financial quarter and cumulative financial quarter, the effective tax rates of the Group are 49.4% and 46.8% respectively, which were higher than the statutory rate due to certain subsidiary companies of the Group being 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 31 December 2019 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	5,000	-	-	Within 24 months from completion	
Working capital	18,755	18,755	-	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	39,836	(81)	-		

B8. Group borrowings and debt securities

The Group's borrowings as at 31 December 2019 are as follows:-

	Short Term	Long Term
Secured	(RM'000)	(RM'000)
Term Loans	127	1,490
Project Financing	4,000	-
Hire purchase creditors	139	201
Total	4,266	1,691

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 31.12.19	Cumulative Year-to-date 31.12.19
	(RM'000)	(RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	5	66
Interest expense	(118)	(153)
Depreciation and amortization	(241)	(731)

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 31.12.19	Preceding Year Corresponding Quarter 31.12.18	Current Year To-Date 31.12.19	Preceding Year Corresponding Period 31.12.18
Earnings/(Loss) attributable to the equity holders of the Company	(RM'000)	371	(714)	1,284	(2,669)
Weighted average number of shares in issue	('000)	5,072,361	5,072,348	5,072,359	4,921,666
Basic earnings/(loss) per share	(Sen)	0.01	(0.01)	0.03	(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
Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 28 February 2020