

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2020

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 March 2020 RM'000	Preceding year corresponding quarter 31 March 2019 RM'000	Current year to date 31 March 2020 RM'000	Preceding year corresponding period 31 March 2019 RM'000
Revenue	7,660	7,740	33,722	26,675
Cost of Sales	(4,627)	(6,995)	(18,817)	(20,693)
Gross Profit	3,033	745	14,905	5,982
Other Operating Income	246	163	394	344
Operating Expenses	(3,192)	(44,813)	(11,599)	(51,758)
Depreciation and amortization	(216)	(531)	(947)	(2,133)
Operating Profit/(Loss)	(129)	(44,436)	2,753	(47,565)
Share of associate's results	(46)	(1,167)	284	(968)
Finance cost	(81)	(285)	(234)	(1,526)
Profit/(Loss) Before Tax	(256)	(45,888)	2,803	(50,059)
Taxation	(284)	(191)	(1,714)	(1,041)
Profit/(Loss) After Tax	(540)	(46,079)	1,089	(51,100)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss)	(540)	(46,079)	1,089	(51,100)
Profit/(Loss) attributable to :				
Equity holders of the Company	(571)	(45,406)	713	(50,530)
Non-controlling interests	31	(673)	376	(570)
	(540)	(46,079)	1,089	(51,100)
Total comprehensive profit/(loss) attributable to :				
Equity holders of the Company	(571)	(45,406)	713	(50,530)
Non-controlling interests	31	(673)	376	(570)
	(540)	(46,079)	1,089	(51,100)
Weighted average no. of ordinary shares in issue ('000)	5,072,361	5,072,350	5,072,359	4,958,821
Earnings/(Loss) per share (sen):-				
a) Basic	(0.01)	(0.90)	0.01	(1.02)

^ As at 31 March 2020, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM1.421 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 31 MARCH 2020**

	As at 31 March 2020 (Unaudited) RM'000	As at 31 March 2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,565	7,125
Investment in Associate Company	51,461	51,177
Intangible Assets - Goodwill on consolidation	68,804	68,804
Intangible Assets - Development costs	170	510
	<u>127,000</u>	<u>127,616</u>
Current assets		
Inventories	2,522	2,532
Receivables	25,359	23,077
Amount owing by Associate Company	4,659	4,270
Fixed Deposits with licensed banks	5,341	4,384
Short-term money market deposit	6,523	3,600
Cash And Cash Equivalents	15,681	19,570
	<u>60,085</u>	<u>57,433</u>
Total Assets	<u><u>187,085</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	(27,526)	(28,239)
	<u>176,212</u>	<u>175,499</u>
Non-controlling interests	960	584
Total equity	<u><u>177,172</u></u>	<u><u>176,083</u></u>
Non-current liabilities		
Hire purchase creditors	134	299
Borrowings	1,470	1,604
Deferred tax liabilities	468	468
	<u>2,072</u>	<u>2,371</u>
Current liabilities		
Payables	2,613	2,774
Contract liabilities	-	1,251
Amount due to director	-	44
Borrowings	4,129	123
Hire purchase creditors	81	200
Bank overdraft	-	1,436
Provision for taxation	1,018	767
	<u>7,841</u>	<u>6,595</u>
Total liabilities	<u><u>9,913</u></u>	<u><u>8,966</u></u>
Total equity and liabilities	<u><u>187,085</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 MARCH 2020

	Current year to date 31 March 2020 (Unaudited) RM'000	Preceding year corresponding period 31 March 2019 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	2,803	(50,059)
Adjustments for :-		
Depreciation and amortization	947	2,133
Share of associate's results	(284)	968
(Gain)/Loss on disposal on property, plant and equipment	(90)	2
Interest expenses	234	1,526
Interest income	(123)	(180)
Impairment loss on goodwill	-	8,184
Impairment loss on development cost	-	4,900
Impairment loss on intellectual property	-	2,669
Impairment loss on receivables	-	2,586
Impairment loss on investment in associate	-	9,100
Trade receivables written off	-	9,563
Inventory written off	-	986
Property, plant and equipment written off	-	181
	<u>684</u>	<u>42,618</u>
Operating profit/(loss) before working capital changes	3,487	(7,441)
Changes in working capital		
Net change in directors	(44)	-
Net change in associate company	(389)	-
Net change in inventories	10	(897)
Net change in trade and other receivables	(2,282)	21,047
Net change in trade and other payables	(161)	(243)
Net change in contract assets/contract liabilities	(1,251)	50
Net cash (used in)/from operations	<u>(630)</u>	<u>12,516</u>
Interest received	123	180
Interest paid	(234)	(518)
Tax paid	(1,463)	(1,312)
Net cash (used in)/from operating activities	<u>(2,204)</u>	<u>10,866</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(62)	(40)
Proceeds from disposal of PPE	105	-
Investment in new subsidiary company	-	(14,199)
Net cash generated from/(used in) investing activities	<u>43</u>	<u>(14,239)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Placement of fixed deposits	(957)	(234)
Borrowings	3,588	(266)
Repayment from an associate	-	3,290
Payment of share issuance expenses	-	(796)
Advances from directors	-	10
Net cash generated from financing activities	<u>2,631</u>	<u>2,004</u>
Net Change in Cash and Cash Equivalents	470	(1,369)
Cash and Cash Equivalents at beginning of the period	21,734	23,103
Cash and Cash Equivalents at end of the period	<u>22,204</u>	<u>21,734</u>
Represented by :		
Cash and bank balances	<u>22,204</u>	<u>21,734</u>
	<u>22,204</u>	<u>21,734</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 MARCH 2020

	<----- Attributable to equity holders of the Company ----->					Non- controlling interests	Total Equity
	Share Capital	Warrants Reserve	Other Reserves	<----- Non-distributable -----> (Accumulated Losses)/Retained Earnings	<Distributable> (Accumulated Earnings)		
	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	-	-	-	713	713	376	1,089
Balance as at 31 March 2020	198,034	19,442	(13,738)	(27,526)	176,212	960	177,172
				-			
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	1,105	64,855
Share issuance expenses	-	-	-	(796)	(796)	-	(796)
Loss for the period	-	-	-	(50,530)	(50,530)	(570)	(51,100)
Balance as at 31 March 2019	198,034	19,442	(13,738)	(28,239)	175,499	584	176,083

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 31 March 2020, new EAH shares were issued arising from the exercise of the Company's warrants as follows :-

	Cumulative Year to date 31 March 2020
Warrants C	8,496

- b) As at 31 March 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 31 March 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	777	654	1,379	4,850	-	7,660
Cost of sales	(87)	(462)	(1,203)	(2,875)	-	(4,627)
Segment profit	690	192	176	1,975	-	3,033
Share of associate's results						(46)
Loss before taxation						(256)
Income tax expenses						(284)
Loss after tax						(540)
Other comprehensive income						-
Total comprehensive loss						(540)

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 31 March 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 31 March 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

	Individual Period				Cumulative Period			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-Date	Preceding Year Corresponding Period	Changes	
	31.03.20 (RM'000)	31.03.19 (RM'000)	(RM'000)	(%)	31.03.20 (RM'000)	31.03.19 (RM'000)	(RM'000)	(%)
Revenue	7,660	7,740	(80)	(1.0)	33,722	26,675	7,047	26.4
Operating Profit/(Loss)	(129)	(44,436)	44,307	(99.7)	2,753	(47,565)	50,318	(105.8)
Share of associate's results	(46)	(1,167)	1,121	(96.1)	284	(968)	1,252	(129.3)
Profit/(Loss) before tax	(256)	(45,888)	45,632	99.4	2,803	(50,059)	52,862	105.6
Profit/(Loss) after tax	(540)	(46,079)	45,539	98.8	1,089	(51,100)	52,189	102.1
Profit/(Loss) attributable to Equity holders of the Company	(571)	(45,406)	44,835	98.7	713	(50,530)	51,243	101.4

For the current financial quarter ended 31 March 2020, the Group recorded revenue of RM7.660 million, a decrease of RM0.080 million compared to the same period in the last financial year. The decrease was mainly in Software Solutions segment, Automation Systems segment and F&B Distribution segment amounting to RM0.630 million, and mitigated by the increase in ICT Services segment (RM0.550 million). The increase in ICT Services was attributable to the progress billing for the new project awarded in January 2020 amounting to RM 21.375 million.

For the cumulative financial quarter ended 31 March 2020, the Group recorded revenue of RM33.722 million, an increase of RM7.047 million as compared to the same period in the last financial year, attributable to the increases in contribution by all segments.

The loss before tax of RM50.059 million for the previous FYE 31 March 2019 was mainly due to provision for impairment for its tangible and intangible assets in compliance with approved accounting standards. There was no similar impairment provided for the current financial quarter ended 31 March 2020.

Revenue by segment :

	Individual Period				Cumulative Period			
	Current Year Quarter 31.03.20 (RM'000)	Preceding Year Corresponding Quarter 31.03.19 (RM'000)	Changes		Current Year To-Date 31.03.20 (RM'000)	Preceding Year Corresponding Period 31.03.19 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
ICT Services	777	227	550	242.3	2,817	1,697	1,120	66.0
Software Solutions	654	932	(278)	(29.8)	3,950	472	3,478	736.9
Automation systems	1,379	1,481	(102)	(6.9)	5,500	5,104	396	7.8
F&B Distribution	4,850	5,100	(250)	(4.9)	21,455	19,402	2,053	10.6
Total	7,660	7,740	(80)	(1.0)	33,722	26,675	7,047	26.4

ICT Services Segment

For current financial quarter, ICT services contributed 10.1% of the Group's revenue, an increase of RM0.550 million compared to the same period last year. The increase was due to the progress billing for the new project awarded in January 2020 amounting to RM 21.375 million.

Software Solutions Segment

For current financial quarter, Software Solutions contributed 8.5% of the Group's revenue, a decrease of RM0.278 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 18.1% of the Group's revenue, a decrease of RM0.102 million compared to the same period last year, due to the lower contribution from the building automation project and integrated security sub-segment sales.

F&B Distribution Segment

For current financial quarter, F&B Distribution contributed 63.3% of the Group's revenue, a decrease of RM0.250 million compare to the same period last year, due to the lower 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 31.03.20 (RM'000)	Immediate Preceding Quarter 31.12.19 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	7,660	9,750	(2,090)	(21.4)
Operating (Loss)/Profit	(129)	1,179	(1,308)	110.9
Share of associate's results	(46)	(91)	45	49.5
(Loss)/Profit before tax	(256)	970	(1,226)	126.4
(Loss)/Profit after tax	(540)	491	(1,031)	210.0
(Loss)/Profit attributable to equity holders of the Company	(571)	371	(942)	253.9

The Group's revenue for the current quarter decreased by RM2.090 million, mainly due to decreases in contribution from the Automation Systems and F&B Distribution. The Group recorded loss before tax of RM0.256 million, which was mainly due to the lower revenue generated in current quarter due to the impact of the MCO which took effect on 18 March 2020.

B3. Prospects for 2020/2021

The COVID-19 pandemic and Movement Control Order ("MCO") have impacted the economy activities and placed significant pressure on the business environment, stalling the economic recovery and weakening market conditions. The Group was marginally affected during the MCO as most of our staff continued to work from home while our F&B subsidiary were operating as normal during the MCO as they were classified under essential services. However, 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

	Current Quarter 31.03.20 (RM'000)	Cumulative Year-to-Date 31.03.20 (RM'000)
Current tax	284	1,714
	284	1,714

For the current financial quarter and cumulative financial quarter, the effective tax rates of the Group are higher than the statutory rate as certain subsidiary companies of the Group 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

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 31 March 2020 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
Secured		
Term Loans	129	1,470
Project Financing	4,000	-
Hire purchase creditors	81	134
Total	4,210	1,604

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 31.03.20 (RM'000)	Cumulative Year-to-date 31.03.20 (RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	57	123
Gain on disposal of property, plant and equipment	90	90
Interest expense	(81)	(234)
Depreciation and amortization	(216)	(947)

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 31.03.20	Preceding Year Corresponding Quarter 31.03.19	Current Year To-Date 31.03.20	Preceding Year Corresponding Period 31.03.19
(Loss)/Earnings attributable to the equity holders of the Company	(RM'000)	(571)	(45,406)	713	(50,530)
Weighted average number of shares in issue	('000)	5,072,361	5,072,350	5,072,359	4,958,821
Basic (loss)/earnings per share	(Sen)	(0.01)	(0.90)	0.01	(1.02)

(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 June 2020