

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 September 2022	Preceding year corresponding quarter 30 September 2021	Current year to date 30 September 2022	Preceding year corresponding period 30 September 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	14,962	9,159	50,712	44,980
Cost of Sales	(9,858)	(4,126)	(33,343)	(29,240)
Gross Profit	5,104	5,033	17,369	15,740
Other Operating Income	65	697	584	1,519
Operating Expenses	(2,762)	(23,512)	(12,028)	(31,433)
Depreciation and amortization	(117)	(213)	(470)	(650)
Operating Profit/(Loss)	2,290	(17,995)	5,455	(14,824)
Share of associate's results	(1,047)	1,392	(681)	2,782
Finance cost	(97)	(145)	(290)	(583)
Profit/(Loss) Before Tax	1,146	(16,748)	4,484	(12,625)
Taxation	(451)	(348)	(1,481)	(1,481)
Profit/(Loss) After Tax	695	(17,096)	3,003	(14,106)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss)	695	(17,096)	3,003	(14,106)
Profit/(Loss) attributable to :				
Equity holders of the Company	598	(17,222)	2,851	(14,567)
Non-controlling interests	97	126	152	461
	695	(17,096)	3,003	(14,106)
Total comprehensive profit/(loss) attributable to :				
Equity holders of the Company	598	(17,222)	2,851	(14,567)
Non-controlling interests	97	126	152	461
	695	(17,096)	3,003	(14,106)
Weighted average no. of ordinary shares in issue ('000)	6,451,690	5,072,361	6,236,982	5,072,361
Earnings/(Loss) per share (sen):-				
a) Basic	0.01	(0.34)	0.05	(0.29)

^ As at 30 September 2022, Cekap Air Sdn Bhd recorded unaudited loss after tax of RM3,406,000
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 year ended ("FYE") 30 September 2021 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 2022

	As at 30 September 2022 (Unaudited) RM'000	As at 30 September 2021 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,429	5,670
Right-of-use assets	456	114
Investment in Associate Company	20,329	21,010
Intangible Assets - Goodwill on consolidation	34,987	34,987
Other receivables	1,798	2,082
Investment in quoted shares	23,210	-
	<u>86,209</u>	<u>63,863</u>
Current assets		
Inventories	4,541	6,119
Receivables	27,068	26,781
Contract Assets	2,567	2,180
Amount owing by Associate Company	3,816	4,066
Tax recoverable	51	51
Fixed Deposits with licensed banks	4,069	4,059
Short-term money market deposit	2,500	500
Cash And Cash Equivalents	15,516	15,587
	<u>60,128</u>	<u>59,343</u>
Total Assets	<u>146,337</u>	<u>123,206</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	126,745	198,035
Warrants reserve	9,939	9,939
Other reserves	(16,126)	(13,738)
Accumulated losses	15,138	(87,182)
	<u>135,696</u>	<u>107,054</u>
Non-controlling interests	(894)	1,566
Total equity	<u>134,802</u>	<u>108,620</u>
Non-current liabilities		
Borrowings	1,262	1,455
Lease liabilities	265	47
Deferred tax liabilities	340	340
	<u>1,867</u>	<u>1,842</u>
Current liabilities		
Payables	4,600	6,442
Contract liabilities	-	1,097
Lease liabilities	223	152
Amount due to director	15	15
Borrowings	137	79
Project overdraft	4,387	4,392
Provision for taxation	306	567
	<u>9,668</u>	<u>12,744</u>
Total liabilities	<u>11,535</u>	<u>14,586</u>
Total equity and liabilities	<u>146,337</u>	<u>123,206</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 FYE 30 September 2021 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 2022**

	Current year to date 30 September 2022 (Unaudited) RM'000	Preceding year corresponding period 30 September 2021 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	4,484	(12,625)
Adjustments for :-		
Depreciation and amortization	470	650
Share of associate's results	681	(2,782)
Impairment loss on goodwill	-	12,057
Impairment loss on receivables	-	7,854
Impairment loss on property, plant and equipment	-	126
Reversal of impairment loss on receivables	(311)	(200)
Reversal of impairment loss on investment in an associate	-	(358)
Accretion of interest income on receivables	-	(652)
Interest expenses	290	583
Interest income	(168)	(173)
	<u>962</u>	<u>17,105</u>
Operating profit before working capital changes	5,446	4,480
Changes in working capital		
Net change in associate company	250	(752)
Net change in inventories	1,578	(2,421)
Net change in trade and other receivables	308	(11,765)
Net change in trade and other payables	(1,842)	1,550
Net change in contract assets/contract liabilities	(1,484)	13
Net cash generated from/(used in) operations	<u>4,256</u>	<u>(8,895)</u>
Interest received	168	173
Interest paid	(290)	(583)
Tax paid	(1,742)	(1,856)
Net cash generated from/(used in) operating activities	<u>2,392</u>	<u>(11,161)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(60)	(98)
Net cash used in investing activities	<u>(60)</u>	<u>(98)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Placement of fixed deposits	(10)	(186)
Repayment of lease liability	(222)	(233)
Borrowings	(140)	1,048
Payment of share issuance expenses	(31)	-
Net cash (used in)/generated from financing activities	<u>(403)</u>	<u>629</u>
Net Change in Cash and Cash Equivalents	1,929	(10,630)
Cash and Cash Equivalents at beginning of the period	16,087	26,717
Cash and Cash Equivalents at end of the period	<u>18,016</u>	<u>16,087</u>
Represented by :		
Cash and bank balances	18,016	16,087
	<u>18,016</u>	<u>16,087</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 30 September 2021 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 2022

	<----- 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	
Balance as at 30 September 2021 (Audited)	198,035	9,939	(13,738)	(87,182)	107,054	1,566	108,620
Issuance of share capital	23,210	-	-	(31)	23,179	-	23,179
Acquisition of subsidiary company	5,000	-	(2,388)	-	2,612	(2,612)	-
Capital reduction	(99,500)	-	-	99,500	-	-	-
Profit for the period	-	-	-	2,851	2,851	152	3,003
Balance as at 30 September 2022	126,745	9,939	(16,126)	15,138	135,696	(894)	134,802
As at preceding year corresponding quarter 30 September 2021							
Balance as at 30 September 2020 (Audited)	198,035	9,939	(13,738)	(72,615)	121,621	1,105	122,726
Loss for the period	-	-	-	(14,567)	(14,567)	461	(14,106)
Balance as at 30 September 2021	198,035	9,939	(13,738)	(87,182)	107,054	1,566	108,620

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 30 September 2021 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 23 September 2022, the Group has changed its financial year end from 30 September 2022 to 31 March 2023. Accordingly, the current financial period covers an eighteen (18) months period from 1 October 2021 to 31 March 2023.

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 ("FYE") 30 September 2021 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 2021. 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 30 September 2021.

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) On 30 November 2021, 1,100,000,000 ordinary shares of the Company were issued to Vinvest Capital Holdings Berhad in relation to the Subscription Agreement with EA Holdings Berhad.
- (b) On 6 January 2022, 279,329,600 ordinary shares of the Company were issued in relation to the acquisition of the remaining 10% equity interest in Sunland Volonte Agency Sdn Bhd.
- (c) As at 30 September 2022, the following warrants have not been exercised :-

Warrants D *	993,885,016 units
Warrants E	1,087,061,194 units

* Warrants D had expired on 25 October 2022.

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 2022	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	2,593	2,594	3,290	6,485	-	14,962
Cost of sales	(1,687)	(1,453)	(2,677)	(4,041)	-	(9,858)
Segment profit	906	1,141	613	2,444	-	5,104
Share of associate's results						(1,047)
Profit before taxation						1,146
Income tax expenses						(451)
Profit after tax						695
Other comprehensive income						-
Total comprehensive income						695

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 2022.

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 30 September 2021.

A16. Subsequent material events

There are no material events subsequent to the financial period ended 30 September 2022 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 30.09.22 (RM'000)	Preceding Year Corresponding Quarter 30.09.21 (RM'000)	Changes		Current Year To-Date 30.09.22 (RM'000)	Preceding Year Corresponding Period 30.09.21 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	14,962	9,159	5,803	63.4	50,712	44,980	5,732	12.7
Operating Profit/(Loss)	2,290	(17,995)	20,285	(112.7)	5,455	(14,824)	20,279	(136.8)
Share of associate's results	(1,047)	1,392	(2,439)	(175.2)	(681)	2,782	(3,463)	(124.5)
Profit/(Loss) before tax	1,146	(16,748)	17,894	(106.8)	4,484	(12,625)	17,109	(135.5)
Profit/(Loss) after tax	695	(17,096)	17,791	(104.1)	3,003	(14,106)	17,109	(121.3)
Profit/(Loss) attributable to Equity holders of the Company	598	(17,222)	17,820	(103.5)	2,851	(14,567)	17,418	(119.6)

For the current financial quarter ended 30 September 2022, the Group recorded revenue of RM14.962 million, an increase of RM5.803 million compared to the same period in the last financial year. The Movement Control Order (“MCO”) which took effect from June 2021 to September 2021 had significantly affect the performance of the Group, which lead to the lower revenue generated from all segments during same period last year.

For the cumulative financial quarter ended 30 September 2022, the Group recorded revenue of RM50.712 million, an increase of RM5.732 million as compared to the same period in the last financial year. The increase was mainly contributed by ICT Services, Software Solutions and F&B Distribution segments.

The Group recorded profits before tax of RM4.484 million during current cumulative quarter, an increase of RM17.109 million compared to the same period in the last financial year. The loss before tax recorded in same period last year was mainly attributable to the provision of impairment amounting to RM20.038 million, in compliance with approved accounting standards.

Revenue by segment :

	Individual Period				Cumulative Period			
	Current Year Quarter 30.09.22 (RM'000)	Preceding Year Corresponding 30.09.21 (RM'000)	Changes		Current Year To-Date 30.09.22 (RM'000)	Preceding Year Corresponding 30.09.21 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
ICT Services	2,593	786	1,807	229.9	10,000	9,432	568	6.0
Software Solutions	2,594	654	1,940	296.6	5,743	2,666	3,077	115.4
Automation systems	3,290	2,892	398	13.8	10,141	12,369	(2,228)	(18.0)
F&B Distribution	6,485	4,827	1,658	34.3	24,828	20,513	4,315	21.0
Total	14,962	9,159	5,803	63.4	50,712	44,980	5,732	12.7

ICT Services Segment

For current financial quarter, ICT services contributed 17.3% of the Group's revenue. For financial year-to-date, ICT services recorded increase of RM0.568 million as compared to the same period last year, due to higher progress billing during current financial year. The lower revenue recorded in same period last year was mainly due to the lockdown imposed by the government from June 2021 to September 2021.

Software Solutions Segment

For current financial quarter, Software Solutions contributed 17.3% of the Group's revenue. For the financial year-to-date, Software Solutions recorded increase of RM3.077 million compared to the same period last year, due to the new projects won during the current financial year. The revenue comprised mainly of installation, upgrades and maintenance services.

Automation Systems Segment

For current financial quarter, Automation Systems contributed 22.0% of the Group's revenue. For the financial year-to-date, Automation Systems recorded decrease of RM2.228 million compared to the same period last year, due to the lower progress billing during current financial year. The main revenue contributions from this segment came from integrated security division, building management systems and mechanical & electrical works.

F&B Distribution Segment

For current financial quarter, F&B Distribution contributed 43.4% of the Group's revenue. For the financial year-to-date, F&B Distribution recorded increase of RM4.315 million compared to the same period last year, due to the increase of orders from the hypermarkets and retail customers pursuant to the re-opening of all business sectors. This segment continued to remain as the main contributor to the Group.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 30.09.22 (RM'000)	Immediate Preceding Quarter 30.06.22 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	14,962	11,368	3,594	31.6
Operating Profit	2,290	657	1,633	248.6
Share of associate's results	(1,047)	54	(1,101)	(2,038.9)
Profit before tax	1,146	629	517	82.2
Profit after tax	695	291	404	138.8
Profit attributable to equity holders of the Company	598	294	304	103.4

The Group's revenue for the current quarter increased by RM3.594 million, mainly attributable to the increase in all segments. The Group recorded increase in profit before tax of RM0.517 million, which is in line with the increase of revenue during current quarter.

B3. Prospects for 2022

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.

On 6 January 2022, the Company had increased its paid up share capital of RM5,000,000 via issuance of ordinary shares for acquisition of remaining stake of 10% in Sunland, thereby making Sunland into a wholly-owned subsidiary company of the Group.

As the nation's economy is still recovering from the Covid-19 pandemic, the Group expect to continue this positive trajectory. In the meanwhile, 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 30.09.22 (RM'000)	Cumulative Year-to-Date 30.09.22 (RM'000)
Current tax	451	1,481
	451	1,481

For the current financial quarter and cumulative financial quarter, the effective tax rates of the Group are 39.4% and 33.0% 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

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 2022 are as follows:-

	Short Term (RM'000)	Long Term (RM'000)
Secured		
Term Loans	137	1,262
Project Overdraft	4,387	-
Lease Liabilities	223	265
Total	4,747	1,527

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 30.09.22 (RM'000)	Cumulative Year-to-date 30.09.22 (RM'000)
This is arrived at after (charging)/crediting :-		
Interest income	28	168
Reversal of impairment loss on receivables	6	311
Interest expense	(97)	(290)
Depreciation and amortization	(117)	(470)

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 30.09.22	Preceding Year Corresponding 30.09.21	Current Year To-Date 30.09.22	Preceding Year Corresponding 30.09.21
Profit/(Loss) attributable to the equity holders of the Company	(RM'000)	598	(17,222)	2,851	(14,567)
Weighted average number of shares in issue	('000)	6,451,690	5,072,361	6,236,982	5,072,361
Basic earnings/(loss) per share	(Sen)	0.01	(0.34)	0.05	(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: 30 November 2022