

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2012

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2012	Preceding year corresponding quarter 30 June 2011	Current year to date 30 June 2012	Preceding year corresponding period 30 June 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	10,255	3,471	21,838	14,805
Cost of Sales	<u>(4,261)</u>	<u>(474)</u>	<u>(9,435)</u>	<u>(8,365)</u>
Gross Profit	5,994	2,997	12,403	6,440
Other Operating Income	3	1	5	4
Operating Expenses	(3,456)	(1,508)	(6,453)	(3,127)
Depreciation and amortization	<u>(175)</u>	<u>(101)</u>	<u>(349)</u>	<u>(201)</u>
Operating Profit	2,366	1,389	5,606	3,116
Finance cost	<u>(197)</u>	<u>(10)</u>	<u>(299)</u>	<u>(20)</u>
Profit Before Tax	2,169	1,379	5,307	3,096
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Profit After Tax	2,169	1,379	5,307	3,095
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>2,169</u>	<u>1,379</u>	<u>5,307</u>	<u>3,095</u>
Profit attributable to :				
Equity holders of the Company	1,398	1,379	3,482	3,095
Non-controlling interests	<u>771</u>	<u>-</u>	<u>1,825</u>	<u>-</u>
	<u>2,169</u>	<u>1,379</u>	<u>5,307</u>	<u>3,095</u>
Total comprehensive income attributable to :				
Equity holders of the Company	1,398	1,379	3,482	3,095
Non-controlling interests	<u>771</u>	<u>-</u>	<u>1,825</u>	<u>-</u>
	<u>2,169</u>	<u>1,379</u>	<u>5,307</u>	<u>3,095</u>
Weighted average no. of ordinary shares in issue ('000)	305,177	155,001	305,177	155,001
Earnings per share (sen):-				
a) Basic	0.46	0.89	1.14	2.00

(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") 31 December 2011 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 2012

	As at 30 June 2012 (Unaudited) RM'000	As at 31 December 2011 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,185	2,452
Intangible Assets - Goodwill on consolidation	19,675	19,675
Intangible Assets - R&D expenditure	6,921	5,013
	<u>28,781</u>	<u>27,140</u>
Current assets		
Inventories	478	320
Receivables	36,409	32,652
Fixed Deposits with licensed banks	1,236	736
Cash And Cash Equivalents	1,510	4,415
	<u>39,633</u>	<u>38,123</u>
Total Assets	<u>68,414</u>	<u>65,263</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	30,518	20,345
Share premium	3,748	14,051
Warrants reserve	6,120	6,120
Retained profits	13,331	9,849
	<u>53,717</u>	<u>50,365</u>
Non-controlling interests	5,278	5,168
Total equity	<u>58,995</u>	<u>55,533</u>
Non-current liabilities		
Hire purchase creditors	1,573	1,515
Deferred tax liabilities	121	121
	<u>1,694</u>	<u>1,636</u>
Current liabilities		
Payables	3,082	4,175
Directors	850	750
Hire purchase creditors	1,368	558
Bills payables	2,188	2,373
Provision for taxation	237	238
	<u>7,725</u>	<u>8,094</u>
Total liabilities	<u>9,419</u>	<u>9,730</u>
Total equity and liabilities	<u>68,414</u>	<u>65,263</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.18</u>	<u>0.25</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 December 2011 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 SECOND QUARTER ENDED 30 JUNE 2012**

	Current year to date 30 June 2012 (Unaudited) RM'000	Preceding year corresponding period 30 June 2011 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	5,307	3,096
Adjustments for :-		
Depreciation and amortization	349	201
Interest expenses	299	20
Interest income	(5)	(4)
	<u>643</u>	<u>217</u>
Operating profit before working capital changes	5,950	3,313
Changes in working capital		
Net change in directors	100	-
Net change in inventories	(158)	(167)
Net change in trade and other receivables	(3,757)	(5,102)
Net change in trade and other payables	(2,808)	(1,459)
	<u>(673)</u>	<u>(3,415)</u>
Net cash from operations		
Tax paid	(1)	-
Net cash used in operating activities	<u>(674)</u>	<u>(3,415)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(1,908)	(331)
Purchase of plant and equipment	(81)	(35)
Net cash used in investing activities	<u>(1,989)</u>	<u>(366)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Listing expenses paid	(131)	-
Hire Purchase	868	(39)
Bills payable	(185)	-
Placement of fixed deposits	(500)	-
Interest received	5	4
Interest paid	(299)	(20)
Net cash generated from financing activities	<u>(242)</u>	<u>(55)</u>
Net Change in Cash and Cash Equivalents	(2,905)	(3,836)
Cash and Cash Equivalents at beginning of the period	4,415	6,935
Cash and Cash Equivalents at end of the period	<u>1,510</u>	<u>3,099</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 December 2011 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 SECOND QUARTER ENDED 30 JUNE 2012**

	<----- Attributable to equity holders of the Company ----->					Non- controlling interests	Total Equity
	Share Capital	<----- Non-distributable -----> Share Premium	Warrants Reserve	<Distributable> Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2012	20,345	14,051	6,120	9,849	50,365	5,168	55,533
Issuance of Bonus Shares	10,173	(10,303)	-	-	(130)	-	(130)
Profit for the period	-	-	-	3,482	3,482	110	3,592
Balance as at 30 June 2012	30,518	3,748	6,120	13,331	53,717	5,278	58,995
As at preceding year corresponding quarter 30 June 2011							
Balance as at 1 January 2011	15,500	-	6,120	1,814	23,434	-	23,434
Profit for the period	-	-	-	3,095	3,095	-	3,095
Balance as at 30 June 2011	15,500	-	6,120	4,909	26,529	-	26,529

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 December 2011 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 FINANCIAL REPORTING STANDARDS ("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 Financial Reporting Standards ("FRS") 134 : Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2011 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.

A2. Adoption of new and revised accounting policies

The accounting policies and methods of computation adopted by the Group in these condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the FYE 31 December 2011, except for the adoption of the following new/revised FRSS effective for financial period beginning 1 January 2012:-

FRSS, Amendments to FRSS, IC Interpretation, TR and SOP		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures (revised)	1 January 2012
Amendments to FRS7	Financial Instruments: Disclosures - Transfer of Financial Assets	1 January 2012
Amendments to FRS112	Income Taxes - Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS101	Presentation of Financial Statement - Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9	Financial Instruments (2009)	1 January 2013

FRSs, Amendments to FRSs, IC Interpretation, TR and SOP		Effective for financial periods beginning on or after
FRS 9	Financial Instruments (2010)	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Agreements	1 January 2013
FRS12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits (2011)	1 January 2013
FRS 127	Separate Financial Statements (2011)	1 January 2013
FRS 128	Investments in Associates and Joint Ventures (2011)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

On 19 November 2011, the MASB announced the adoption of the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS framework is effective from 1 January 2012 to facilitate convergence with the International Financial Reporting Standards (“IFRS”). Following the announcement, the Group and the Company’s next set of financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the MFRS framework issued by MASB and IFRS. As a result for the Group and the Company’s adoption of the MFRS framework, the Group and the Company will not be adopting the above FRSs, Interpretations and Amendments.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

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 December 2011.

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

Save as disclosed below, there were 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:-

(i) Share Capital

Date of allotment	No. of shares	Par value (RM)	Consideration	Total (RM)
13.01.2012	101,725,500	0.10	Bonus Issue	10,172,550

(ii) Warrants

Pursuant to Clause 7, Conditions 3(A)(ii) of the Third Schedule and item 1(B) of the Fourth Schedule of the deed poll dated 25 November 2010 constituting the Warrants ("Deed Poll"), the exercise price of the Warrants was revised downwards from RM0.59 to RM0.40 and an additional 38,750,250 Warrants were issued pursuant to the adjustments for the bonus issue of new ordinary shares of RM0.10 each in EAH ("EAH Shares") to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing EAH Shares held.

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) RFID and access control systems.

Quarter Ended 30 June 2012	ICT Services	Software Solutions	RFID and Access Control Systems	Elimi- nations	Consoli- dated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	3,800	5,524	931	-	10,255
Total revenue	3,800	5,524	931	-	10,255
Profit before taxation					2,169
Income tax expenses					-
Profit after tax					2,169
Other comprehensive income					-
Total Comprehensive Income					2,169

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 30 June 2012.

A12. Capital Expenditure

The major additions and disposals of the property, plant and equipment during the current financial quarter under review and financial year-to-date were as follows:-

	Current Quarter Ended 30 June 2012 RM'000	Cumulative Year-to-Date 30 June 2012 RM'000
Property, plant & equipment:		
Additions	81	35

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 December 2011.

A15. Subsequent material events

Save as disclosed below, there are no material events subsequent to the financial period ended 30 June 2012 that has not been reflected in this interim financial report:-

On 8 August 2012, OSK Investment Bank Berhad had, on behalf of the Board of Directors of EAH (“Board”), announced that the Company had, on 8 August 2012, entered into a conditional share sale and purchase agreement with Peter Ambrose Sequerah and Syed Shah Redza bin Syed Mohamed Redza for the proposed acquisition by EAH of 875,000 ordinary shares of RM1.00 each in DDSB (M) Sdn Bhd (“DDSB”) representing 35% of the total issued and paid up share capital of DDSB for a total purchase consideration of RM18,000,000 to be fully satisfied by the issuance of 120,000,000 EAH Shares at an issue price of RM0.15 per EAH Share (“Proposed Acquisition”).

In conjunction with the Proposed Acquisition, the Board has also resolved to undertake the following:-

- i. Proposed increase in the authorised share capital of EAH from RM50,000,000 comprising 500,000,000 EAH Shares to RM100,000,000 comprising 1,000,000,000 EAH Shares; and
- ii. Proposed amendment to the Memorandum of Association of EAH

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

For the current financial quarter ended 30 June 2012, the Group recorded revenue of RM10.255 million and profit before tax of RM2.169 million.

The Group has recorded improvement in its revenue and profit before tax as compared to the previous year corresponding financial quarter, whereby revenue increased by RM6.784 million or 195.4% whilst profit before tax increased accordingly by RM0.790 million or 57.3%.

ICT Services Segment

Revenue from the ICT services segment for the current financial quarter and financial year-to-date increased to RM3.800 million and RM8.070 million respectively, compared with RM0.103 million and RM3.103 million respectively for the corresponding periods in 2011. The improvement in this segment is attributable to the on-going projects and order book secured during the current financial quarter.

Software Solutions Segment

Revenue from the software solutions segment for the current financial quarter and financial year-to-date were RM5.524 million and RM11.085 million respectively, compared with RM3.000 million and RM11.000 million respectively for the corresponding periods in 2011. The increase in revenue recorded is attributable to the different project milestones payment and progress billing for the current projects being undertaken.

RFID and Access Control Systems Segment

Revenue from the RFID and access control systems segment for the current financial quarter and financial year-to-date were RM0.931 million and RM2.683 million respectively, compared with RM0.368 million and RM0.702 million respectively for the corresponding periods in 2011. The improvement in this segment is attributable to the higher-value projects secured during the current financial year.

Profit attributable to the Group for the current financial quarter is RM1.398 million, after deducting the share of profit attributable to the non-controlling interests. The profit attributable to the Group represents a marginal increase of RM0.019 million or 1.4% from the corresponding period in 2011.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 June 2012 RM'000	Preceding Quarter 31 March 2012 RM'000
Revenue	10,255	11,583
Profit before tax	2,169	3,138

The difference in the revenue and profit before tax between the current reporting quarter and previous financial quarter is mainly attributable to the different project milestones payment and progress billing for the current projects being undertaken by the Group. Revenue decreased by RM1.328 million whilst profit before tax decreased by RM0.969 million.

B3. Prospects for 2012

IT spending in Malaysia is expected to hit US\$8.2 billion (RM24.6 billion) by end of 2012. According to International Data Corp (IDC), it predicts that 10 key information and communication technology (ICT) trends will have the biggest commercial impact in Malaysia. Amongst the 10 key areas are:-

1. The rise of ICT prominence in traditional sectors will see organisations positioning IT spending and utilise IT to reach out to a wider market.
2. Customer centricity will see the increase in the focus on technologies that will aid enterprises in heightening customer focus and customer engagement.
3. Cost reduction remains top in mind for Small and Medium Sized Businesses (“SMB”) and enterprises as focus is placed on how enterprises can reduce their overall cost structure within the organisations.
4. IT started to play a significant role within the nation's economy as well as the betterment of the society with the Economic Transformation Programme ensuring that ICT remains a significant tool for the future development of the country by the government.

(Source : The Malaysian Reserve, 10 February 2012)

Barring any unforeseen circumstances and in view of the positive developments mentioned above, the Board is optimistic of achieving a satisfactory performance for the current financial year ending 31 December 2012.

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 Ended 30 June 2012 RM'000	Cumulative Year-to-Date 30 June 2012 RM'000
Current tax	-	-
	-	-

The Group's income from approved Multimedia Super Corridor activities carried out by its subsidiary companies, namely CSS MSC Sdn Bhd, EA MSC Sdn Bhd and DDSB are not subjected to income tax whilst the income tax payable for the other income generating activities of the Group are mitigated by the various tax deductions available. This has resulted in a NIL effective tax rate of the Group for the current financial and cumulative quarter.

B6. Status of corporate proposals

Save as disclosed below, there are no corporate proposals announced but not completed as at the date of issuance of this announcement:-

On 8 August 2012, OSK Investment Bank Berhad had, on behalf of the Board, announced that the Company had, on 8 August 2012, entered into a conditional share sale and purchase agreement with Peter Ambrose Sequerah and Syed Shah Redza bin Syed Mohamed Redza for the proposed acquisition by EAH of 875,000 ordinary shares of RM1.00 each in DDSB representing 35% of the total issued and paid up share capital of DDSB for a total purchase consideration of RM18,000,000 to be fully satisfied by the issuance of 120,000,000 EAH Shares at an issue price of RM0.15 per EAH Share.

In conjunction with the Proposed Acquisition, the Board has also resolved to undertake the following:-

- i. Proposed increase in the authorised share capital of EAH from RM50,000,000 comprising 500,000,000 EAH Shares to RM100,000,000 comprising 1,000,000,000 EAH Shares; and
- ii. Proposed amendment to the Memorandum of Association of EAH

B7. Status of utilisation of proceeds

EAH was listed on 20 July 2010 on the ACE Market of Bursa Securities. The status of utilisation of the gross proceeds of RM10.0 million from the public issue by the Group as at 30 June 2012 are as follows:-

Purposes	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Business expansion	3,000	1,500	1,500	Within 24 months from date of listing
Enhance R&D capabilities	2,000	2,000	-	Within 24 months from date of listing
Working capital	3,500	3,500*	-	Within 24 months from date of listing
Estimated listing expenses	1,500	1,500	-	Upon listing
Total	10,000	8,500	1,500	

* Inclusive of excess in listing expenses amounting to RM489,516.

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 June 2012 and the preceding year corresponding quarter ended 30 June 2011, is as follows :-

	Group Quarter Ended 30 June 2012 RM'000	Group Quarter Ended 30 June 2011 RM'000
Total retained profits of the Group:		
- Realised	23,315	10,670
- Unrealised (in respect of deferred tax recognised in the income statement)	(121)	(28)
	<hr/>	<hr/>
	23,194	10,642
Less : Consolidation adjustments	(9,863)	(5,733)
Total Group retained profits as per consolidated accounts	<hr/>	<hr/>
	13,331	4,909

	Company Quarter Ended 30 June 2012 RM'000	Company Quarter Ended 30 June 2011 RM'000
Total retained profits of the Company :		
- Realised	2,981	2,598
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	2,981	2,598

B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2012 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Hire Purchase Creditors	1,368	1,573
Bills Payable	2,188	-
	3,556	1,573

B10. Material Litigation

There was no material litigation as at the date of issuance of this announcement.

B11. Dividends

No interim dividends have been declared during the current financial quarter under review.

B12. Profit for the period

	Current Quarter Ended 30 June 2012 RM'000	Cumulative Year-to-Date 30 June 2012 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	3	5
Interest expenses	(197)	(299)
Depreciation and amortization	(175)	(349)

Other disclosure items pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Securities are not applicable.

B13. 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 Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Earnings Per Share	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Profit attributable to the equity holders of the Company (RM'000)	1,398	1,379	3,482	3,095
Weighted average number of shares in issue ('000)	305,177	155,001	305,177	155,001
Basic earnings per share (sen)	0.46	0.89	1.14	2.00

(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: 29 August 2012