

EA HOLDINGS BERHAD (878041-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2012	Preceding year corresponding quarter 31 December 2011	Current year to date 31 December 2012	Preceding year corresponding period 31 December 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	10,983	12,128	45,875	36,584
Cost of Sales	<u>(6,025)</u>	<u>(3,923)</u>	<u>(23,116)</u>	<u>(14,234)</u>
Gross Profit	4,958	8,205	22,759	22,350
Other Operating Income	-	2	7	7
Operating Expenses	(3,000)	(3,463)	(12,622)	(8,713)
Depreciation and amortization	<u>(178)</u>	<u>(643)</u>	<u>(704)</u>	<u>(1,311)</u>
Operating Profit	1,780	4,101	9,440	12,333
Finance cost	<u>(181)</u>	<u>(336)</u>	<u>(612)</u>	<u>(375)</u>
Profit Before Tax	1,599	3,765	8,828	11,958
Taxation	<u>(210)</u>	<u>(174)</u>	<u>(215)</u>	<u>(170)</u>
Profit After Tax	1,389	3,591	8,613	11,788
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>1,389</u>	<u>3,591</u>	<u>8,613</u>	<u>11,788</u>
Profit attributable to :				
Equity holders of the Company	1,161	2,097	5,871	8,035
Non-controlling interests	<u>228</u>	<u>1,494</u>	<u>2,742</u>	<u>3,753</u>
	<u>1,389</u>	<u>3,591</u>	<u>8,613</u>	<u>11,788</u>
Total comprehensive income attributable to :				
Equity holders of the Company	1,161	2,097	5,871	8,035
Non-controlling interests	<u>228</u>	<u>1,494</u>	<u>2,742</u>	<u>3,753</u>
	<u>1,389</u>	<u>3,591</u>	<u>8,613</u>	<u>11,788</u>
Weighted average no. of ordinary shares in issue ('000)	357,350	305,177	318,291	273,983
Earnings per share (sen):-				
a) Basic	0.32	0.69	1.84	2.93

(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 31 DECEMBER 2012**

	As at 31 December 2012 (Unaudited) RM'000	As at 31 December 2011 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,912	2,452
Intangible Assets - Goodwill on consolidation	19,675	19,675
Intangible Assets - R&D expenditure	7,978	5,013
	<u>29,565</u>	<u>27,140</u>
Current assets		
Inventories	294	320
Receivables	33,176	32,652
Fixed Deposits with licensed banks	1,562	736
Cash And Cash Equivalents	5,842	4,415
	<u>40,874</u>	<u>38,123</u>
Total Assets	<u>70,439</u>	<u>65,263</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	42,518	20,345
Share premium	9,312	14,051
Warrants reserve	6,120	6,120
Other reserve	(13,738)	-
Retained profits	15,720	9,849
	<u>59,932</u>	<u>50,365</u>
Non-controlling interests	1,933	5,168
Total equity	<u>61,865</u>	<u>55,533</u>
Non-current liabilities		
Hire purchase creditors	1,262	1,515
Deferred tax liabilities	121	121
	<u>1,383</u>	<u>1,636</u>
Current liabilities		
Payables	1,411	4,175
Directors	-	750
Borrowings	1,146	-
Hire purchase creditors	2,255	558
Bills payables	-	2,373
Bank overdrafts	2,011	-
Provision for taxation	368	238
	<u>7,191</u>	<u>8,094</u>
Total liabilities	<u>8,574</u>	<u>9,730</u>
Total equity and liabilities	<u>70,439</u>	<u>65,263</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.14</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 FOURTH QUARTER ENDED 31 DECEMBER 2012

	Current year to date 31 December 2012 (Unaudited) RM'000	Preceding year corresponding period 31 December 2011 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	8,828	11,958
Adjustments for :-		
Depreciation and amortization	704	1,311
Interest expenses	612	426
Interest income	(7)	(7)
	<u>1,309</u>	<u>1,730</u>
Operating profit before working capital changes	10,137	13,688
Changes in working capital		
Net change in directors	(750)	208
Net change in inventories	26	(114)
Net change in amount due from customers	-	(39)
Net change in trade and other receivables	(525)	(12,697)
Net change in trade and other payables	(4,480)	359
Net cash from operations	<u>4,408</u>	<u>1,405</u>
Interest received	7	7
Interest paid	(612)	(426)
Tax paid	(82)	(11)
Net cash used in operating activities	<u>3,721</u>	<u>975</u>
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(2,965)	(2,339)
Purchase of plant and equipment	(164)	(308)
Listing expenses paid	(567)	(484)
Acquisition of subsidiary	-	712
Placement of fixed deposits	(826)	(736)
Net cash used in investing activities	<u>(4,522)</u>	<u>(3,155)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	1,146	-
Hire Purchase	1,444	(340)
Bills payable	(2,373)	-
Net cash generated from financing activities	<u>217</u>	<u>(340)</u>
Net Change in Cash and Cash Equivalents	(584)	(2,520)
Cash and Cash Equivalents at beginning of the period	4,415	6,935
Cash and Cash Equivalents at end of the period	<u>3,831</u>	<u>4,415</u>
Represented by :		
Cash and bank balances	5,842	4,415
Bank overdrafts	(2,011)	-
	<u>3,831</u>	<u>4,415</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 FOURTH QUARTER ENDED 31 DECEMBER 2012**

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests	Total Equity
	<----- Non-distributable ----->			<Distributable>				
	Share Capital	Share Premium	Warrants Reserve	Other Reserve	Retained Profits	Total		
RM'000	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	(10,318)	-	-	-	(145)	-	(145)
Acquisition of subsidiary	12,000	5,579	-	(13,738)	-	3,841	(4,262)	(421)
Profit for the period	-	-	-	-	5,871	5,871	1,027	6,898
Balance as at 31 December 2012	42,518	9,312	6,120	(13,738)	15,720	59,932	1,933	61,865
As at preceding year corresponding quarter 31 December 2011								
Balance as at 1 January 2011	15,500	-	6,120	-	1,814	23,434	-	23,434
Acquisition of subsidiary	4,845	14,535	-	-	-	19,380	1,415	20,795
Share issuance expenses	-	(484)	-	-	-	(484)	-	(484)
Profit for the period	-	-	-	-	8,035	8,035	3,753	11,788
Balance as at 31 December 2011	20,345	14,051	6,120	-	9,849	50,365	5,168	55,533

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 the Malaysian Financial Reporting Standards ("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 Financial Reporting Standards ("FRS") 134: Interim Financial Reporting.

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 ("MASB").

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

FRSs, Amendments to FRSs, IC Interpretation, TR and SOP		Effective for financial periods beginning on or after
FRS 9	Financial Instruments (2009)	1 January 2013
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 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
22.11.2012	120,000,000	0.10	Acquisition of a further 35% equity in DDSB (M) Sdn Bhd	12,000,000

(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. As at 31 December 2012, no warrant had been exercised.

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, access control systems (“ACS”) and building automation system (“BAS”)

Quarter Ended 31 December 2012	ICT Services RM'000	Software Solutions RM'000	RFID, ACS & BAS RM'000	Elimi- nations RM'000	Consoli- dated RM'000
Revenue from external customers	1,499	9,152	332	-	10,983
Cost of sales	(1,009)	(4,882)	(134)	-	(6,025)
Gross profit	490	4,270	198	-	4,958
Profit before taxation					1,599
Income tax expenses					(210)
Profit after tax					1,389
Other comprehensive income					-
Total Comprehensive Income					1,389

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 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 31 December 2012 RM'000	Cumulative Year-to-Date 31 December 2012 RM'000
Property, plant & equipment:		
Additions	55	164

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 31 December 2012 that has not been reflected in this interim financial report:-

On 5 February 2013, the Board of Directors of EAH announced that as part of a re-organisation of its group structure, EAH had on even date completed the acquisition of the entire issued and paid-up capital of Colwyn Bay Technologies Sdn Bhd (“CBTSB”) from Mohammad Sobri bin Saad and Norazian binti Abdul Kudus, consisting 1,000 ordinary shares of RM1.00 each, for a total consideration of RM1,000. CBTSB is a private limited company incorporated in Malaysia under the Companies Act, 1965, on 20 November 2012 and has not commenced operation. Its principal activities are provision of information technology services and investment holding. Subsequent to the acquisition of CBTSB, EASS Sdn Bhd, a wholly-owned subsidiary of EAH, is placed under CBTSB as a wholly-owned subsidiary of CBTSB, with EAH as the ultimate holding company.

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 31 December 2012, the Group recorded revenue of RM10.983 million and profit before tax of RM1.599 million.

Compared to the previous corresponding financial quarter, the Group recorded a decrease of RM1.145 million in revenue and corresponding decrease in profit before tax of RM2.166 million. Due to the different projects requirements and stages of completion, more external inputs were required which gave rise to higher cost of sales. In addition, strong competition in the market has put extra downward pressure on the profit margin for new projects acquired.

The profit before tax for the Group for the cumulative period to 31 December 2012 is RM8.828 million, a decrease of RM3.110 million recorded as compared to the previous corresponding cumulative financial quarter.

Revenue by segment :

	Current financial quarter ended 31 December 2012 (RM'000)	Preceding financial quarter ended 31 December 2011 (RM'000)	Current Financial Year-to-date 31 December 2012 (RM'000)	Preceding Financial Year-to-date 31 December 2011 (RM'000)
ICT Services	1,499	2,984	14,197	8,396
Software Solutions	9,152	6,128	28,134	22,726
RFID, ACS & BAS	332	3,016	3,544	5,462

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded a decrease of RM1.485 million and increase of RM5.801 million in revenue as compared the same periods in the preceding year, respectively. The changes in revenue for both the current financial quarter and year-to-date are due to the difference in progress billing of its on-going projects and new billings for change requests and new contracts.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded increase of RM3.024 million and RM5.408 million in revenue as compared the same periods in the preceding year, respectively. The increases in revenue are mainly attributable to growing contribution from the subsidiary company acquired in 2011, DDSB (M) Sdn Bhd.

RFID, Access Control Systems (“ACS”) And Building Automation Systems (“BAS”) Segment

For current financial quarter and year-to-date, this segment recorded decrease of RM2.684 million and RM1.918 million in revenue as compared the same periods in the preceding year, respectively. The decreases in revenue are mainly due the lower number of high value projects secured during the year as compared to the preceding year.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 December 2012 RM'000	Preceding Quarter 30 September 2012 RM'000
Revenue	10,983	13,054
Profit before tax	1,599	1,921

Compared to the preceding financial quarter, the Group recorded a decrease of RM2.071 million in revenue and corresponding decrease in profit before tax of RM0.322 million. The differences are mainly due to the various projects progress billings and corresponding costs involved.

B3. Prospects for 2013

Malaysia's information and communications technology (ICT) sector spending is expected to breach the US\$10-billion mark for the first time in its history, according to a recent forecast by an analyst firm, International Data Corp (“IDC”).

Speaking at its IDC Asean & Malaysia Top 10 Predictions for 2013 seminar here on Dec 6, Roger Ling, research manager, Asean services research group for IDC Asia/Pacific, noted that Malaysia will spend US\$10.4 billion in 2013, representing a 7.7% increase from the year before (2012).

(Source : Digital News Asia, 7 December 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 next financial year ending 31 December 2013.

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 31 December 2012 RM'000	Cumulative Year-to-Date 31 December 2012 RM'000
Current tax	210	215
	<u>210</u>	<u>215</u>

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 an effective tax rate of the Group of 13.1% and 2.4% for the current financial and cumulative quarter respectively.

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 utilized the proceeds raised from all its fund raising activities.

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 31 December 2012 and the preceding year corresponding quarter ended 31 December 2011, is as follows :-

	Group Quarter Ended 31 December 2012 RM'000	Group Quarter Ended 31 December 2011 RM'000
Total retained profits of the Group:		
- Realised	26,742	19,697
- Unrealised (in respect of deferred tax recognised in the income statement)	(121)	(106)
	<u>26,621</u>	<u>19,591</u>
Less : Consolidation adjustments	(10,901)	(9,756)
Total Group retained profits as per consolidated accounts	<u>15,720</u>	<u>9,835</u>

	Company Quarter Ended 31 December 2012 RM'000	Company Quarter Ended 31 December 2011 RM'000
Total retained profits of the Company :		
- Realised	2,707	2,039
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	2,707	2,039

B9. Group borrowings and debt securities

The Group's borrowings as at 31 December 2012 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Borrowings	1,146	-
Hire Purchase Creditors	2,255	1,262
Bank overdrafts	2,011	-
	5,412	1,262

B10. 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.

B11. Dividends

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

B12. Profit for the period

	Current Quarter Ended 31 December 2012 RM'000	Cumulative Year-to-Date 31 December 2012 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	-	7
Interest expenses	(181)	(612)
Depreciation and amortization	(178)	(704)

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	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Profit attributable to the equity holders of the Company (RM'000)	1,161	2,097	5,871	8,021
Weighted average number of shares in issue ('000)	357,350	305,177	318,291	273,983
Basic earnings per share (sen)	0.32	0.69	1.84	2.93

(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 2013