

## EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 March 2013  RM'000	Preceding year corresponding quarter 31 March 2012  RM'000	Current year to date 31 March 2013  RM'000	Preceding year corresponding period 31 March 2012  RM'000
<b>Revenue</b>	11,284	11,583	11,284	11,583
Cost of Sales	<u>(6,141)</u>	<u>(5,174)</u>	<u>(6,141)</u>	<u>(5,174)</u>
<b>Gross Profit</b>	5,143	6,409	5,143	6,409
Other Operating Income	25	2	25	2
Operating Expenses	(3,138)	(2,997)	(3,138)	(2,997)
Depreciation and amortization	<u>(174)</u>	<u>(174)</u>	<u>(174)</u>	<u>(174)</u>
Operating Profit	1,856	3,240	1,856	3,240
Finance cost	<u>(148)</u>	<u>(102)</u>	<u>(148)</u>	<u>(102)</u>
<b>Profit Before Tax</b>	1,708	3,138	1,708	3,138
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit After Tax</b>	1,708	3,138	1,708	3,138
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u><b>1,708</b></u>	<u><b>3,138</b></u>	<u><b>1,708</b></u>	<u><b>3,138</b></u>
<b>Profit attributable to :</b>				
Equity holders of the Company	1,491	2,084	1,491	2,084
Non-controlling interests	<u>217</u>	<u>1,054</u>	<u>217</u>	<u>1,054</u>
	<u><b>1,708</b></u>	<u><b>3,138</b></u>	<u><b>1,708</b></u>	<u><b>3,138</b></u>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the Company	1,491	2,084	1,491	2,084
Non-controlling interests	<u>217</u>	<u>1,054</u>	<u>217</u>	<u>1,054</u>
	<u><b>1,708</b></u>	<u><b>3,138</b></u>	<u><b>1,708</b></u>	<u><b>3,138</b></u>
Weighted average no. of ordinary shares in issue ('000)	425,177	305,177	425,177	305,177
Earnings per share (sen):-				
a) Basic	0.35	0.68	0.35	0.68

(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 2012 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 2013**

	As at 31 March 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,741	1,911
Intangible Assets - Goodwill on consolidation	19,675	19,675
Intangible Assets - R&D expenditure	8,367	7,990
	<u>29,783</u>	<u>29,576</u>
<b>Current assets</b>		
Inventories	523	294
Receivables	34,603	33,199
Fixed Deposits with licensed banks	1,566	1,676
Cash And Cash Equivalents	4,376	5,852
	<u>41,068</u>	<u>41,021</u>
<b>Total Assets</b>	<u><u>70,851</u></u>	<u><u>70,597</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	42,518	42,518
Share premium	9,312	9,312
Warrants reserve	6,120	6,120
Other reserve	(13,738)	(13,738)
Retained profits	17,435	15,944
	<u>61,647</u>	<u>60,156</u>
Non-controlling interests	2,180	1,963
<b>Total equity</b>	<u>63,827</u>	<u>62,119</u>
<b>Non-current liabilities</b>		
Hire purchase creditors	1,188	1,263
Deferred tax liabilities	68	68
	<u>1,256</u>	<u>1,331</u>
<b>Current liabilities</b>		
Payables	1,582	1,300
Hire purchase creditors	1,648	2,255
Bills payables	288	1,182
Bank overdrafts	1,881	2,016
Provision for taxation	369	394
	<u>5,768</u>	<u>7,147</u>
<b>Total liabilities</b>	<u>7,024</u>	<u>8,478</u>
<b>Total equity and liabilities</b>	<u><u>70,851</u></u>	<u><u>70,597</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.14</u>	<u>0.14</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 2012 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 FIRST QUARTER ENDED 31 MARCH 2013

	Current year to date 31 March 2013 (Unaudited) RM'000	Preceding year corresponding period 31 March 2012 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	1,708	3,138
Adjustments for :-		
Depreciation and amortization	174	174
Interest expenses	148	102
Interest income	(25)	(2)
	<u>297</u>	<u>274</u>
<b>Operating profit before working capital changes</b>	2,005	3,412
Changes in working capital		
Net change in directors	-	1,040
Net change in inventories	(229)	208
Net change in trade and other receivables	(1,404)	(3,079)
Net change in trade and other payables	282	(2,317)
<b>Net cash from operations</b>	<u>654</u>	<u>(736)</u>
Interest received	25	2
Interest paid	(148)	(102)
Tax paid	(25)	-
<b>Net cash used in operating activities</b>	<u>506</u>	<u>(836)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
R&D expenditure paid	(377)	(564)
Purchase of plant and equipment	(4)	(12)
Listing expenses paid	-	(131)
Withdrawal of fixed deposits	110	-
<b>Net cash used in investing activities</b>	<u>(271)</u>	<u>(707)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Hire Purchase	(682)	1,285
Bills payable	(894)	(2,115)
<b>Net cash generated from financing activities</b>	<u>(1,576)</u>	<u>(830)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(1,341)	(2,373)
<b>Cash and Cash Equivalents at beginning of the period</b>	3,836	4,415
<b>Cash and Cash Equivalents at end of the period</b>	<u>2,495</u>	<u>2,042</u>
<b>Represented by :</b>		
Cash and bank balances	4,376	2,042
Bank overdrafts	(1,881)	-
	<u>2,495</u>	<u>2,042</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 2012 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 FIRST QUARTER ENDED 31 MARCH 2013**

	<----- Attributable to equity holders of the Company ----->						Non-controlling interests	Total Equity
	<----- Non-distributable ----->			<Distributable>		Total		
	Share Capital	Share Premium	Warrants Reserve	Other Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2013	42,518	9,312	6,120	(13,738)	15,944	60,156	1,963	<b>62,119</b>
Profit for the period	-	-	-	-	1,491	1,491	217	<b>1,708</b>
<b>Balance as at 31 March 2013</b>	<b>42,518</b>	<b>9,312</b>	<b>6,120</b>	<b>(13,738)</b>	<b>17,435</b>	<b>61,647</b>	<b>2,180</b>	<b>63,827</b>

**As at preceding year corresponding quarter 31 March 2012**

Balance as at 1 January 2012	20,345	14,051	6,120	-	9,849	50,365	5,168	<b>55,533</b>
Issuance of Bonus Shares	10,173	(10,303)	-	-	-	(130)	-	<b>(130)</b>
Profit for the period	-	-	-	-	2,084	2,084	1,054	<b>3,138</b>
<b>Balance as at 31 March 2012</b>	<b>30,518</b>	<b>3,748</b>	<b>6,120</b>	<b>-</b>	<b>11,933</b>	<b>52,319</b>	<b>6,222</b>	<b>58,541</b>

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 2012 and the accompanying explanatory notes attached to the interim financial report.

## **EA HOLDINGS BERHAD (878041-A)**

### **NOTES TO THE QUARTERLY REPORT**

#### **PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD ("FRS") 134: INTERIM FINANCIAL REPORTING**

##### **A1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in compliance with International Accounting Standards IAS 34.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Year Ended ("FYE") 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by EA Holdings Berhad ("EAH") and its subsidiaries ("Group") for these interim financial statements are in compliance with the new and revised FRSS issued by the Malaysian Accounting Standards Board ("MASB").

##### **A2. Adoption of new and revised accounting policies**

The Group has adopted the Malaysian Financial Reporting Standards framework ("MFRS Framework") framework issued by MASB. This MFRS Framework was introduced by the MASB in order to fully converge the Malaysian's existing FRS framework with the International Financial Reporting Standards framework issued by the International Accounting Standard Boards.

The Group has adopted all the new and revised MFRSS, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 January 2013. The adoption of these new and revised MFRSS, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

##### **A3. Qualification on the Auditors' Report of preceding annual financial statements**

There was no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2012.

**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**

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.

**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")

<b>Quarter Ended 31 March 2013</b>	<b>ICT Services</b>	<b>Software Solutions</b>	<b>RFID, ACS &amp; BAS</b>	<b>Elimi- nations</b>	<b>Consoli- dated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers	4,162	6,593	529	-	11,284
Cost of sales	(3,762)	(2,146)	(233)	-	(6,141)
Segment profit	400	4,447	296	-	5,143
Profit before taxation					1,708
Income tax expenses					-
<b>Profit after tax</b>					1,708
Other comprehensive income					-
<b>Total Comprehensive Income</b>					1,708

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 March 2013.

#### **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:-

	<b>Current Quarter Ended 31 March 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 March 2013 RM'000</b>
Property, plant & equipment: Additions	4	4

### **A13. Changes in the composition of the Group**

Save as disclosed below, there were no other changes in the composition of the Group for the current financial quarter under review :-

- a) On 5 February 2013, the Company completed the acquisition of the entire issued paid-up capital of Colwyn Bay Technologies Sdn Bhd ("CBTSB") consisting 1,000 ordinary shares of RM1.00 each, for a total cash consideration of RM1,000. CBTSB is a private limited company incorporated in Malaysia on 20 November 2012 and has not commenced operation. Its principal activities are provision of information technology services and investment holding.
- b) Subsequent to the acquisition of CBTSB, EASS Sdn Bhd, a wholly owned subsidiary of the Company is placed under CBTSB as a wholly owned subsidiary of CBTSB, with the Company as the Ultimate Holding Company.

### **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 2012.

### **A15. Subsequent material events**

Save as disclosed below, there are no material events subsequent to the financial period ended 31 March 2013 that has not been reflected in this interim financial report:-

On 6 May 2013, the Board of Directors of EAH ("Board"), announced that the Company had on even date, entered into a heads of agreement ("HOA") with Bioenergy Design Sdn Bhd, Rising Star Yields Sdn Bhd, Tanah Surian Saujana Sdn Bhd, Tneo Tong Seng, Pey Biing Kuen, Mutiara Zainal Farid and Loh Pit Kong (collectively referred to as the "Vendors") for the proposed acquisition by EAH of 75,000,005 ordinary shares of RM0.10 each in Plant Offshore Berhad ("POB") ("Sale Shares") representing 25% of the total issued and paid up share capital of POB for an indicative purchase price of RM21,375,000 ("Purchase Price") to be fully satisfied by the issuance of 194,318,182 EAH Shares at an issue price of RM0.11 per EAH Share ("Consideration Shares").



Further details of the Proposed Acquisition, including the basis of determining the purchase consideration and the rationale for the Proposed Acquisition, will be announced upon the execution of a definitive sale and purchase agreement on terms acceptable to EAH and the Vendors.

**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 March 2013, the Group recorded revenue of RM11.284 million and profit before tax of RM1.708 million.

Compared to the previous corresponding financial quarter, the Group recorded a decrease of RM0.299 million in revenue and decrease in profit before tax of RM1.430 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.

**Revenue by segment :**

	Current financial quarter ended 31 March 2013 (RM'000)	Preceding financial quarter ended 31 March 2012 (RM'000)	Current Financial Year-to-date 31 March 2013 (RM'000)	Preceding Financial Year-to-date 31 March 2012 (RM'000)
ICT Services	4,162	4,270	4,162	4,270
Software Solutions	6,593	5,561	6,593	5,561
RFID, ACS & BAS	529	1,752	529	1,752

**ICT Services Segment**

For current financial quarter and year-to-date, ICT services segment recorded a marginal decrease of RM0.108 million in revenue as compared to the same period in the preceding year. The marginal decrease in revenue is due to the differences in works completed and billed between the current financial quarter as compared the same period in the preceding year.

**Software Solutions Segment**

For current financial quarter and year-to-date, this segment recorded increase of RM1.032 million in revenue as compared to the same period in the preceding year. The increase in revenue is attributable to the new contracts secured and completed during the current financial quarter.

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

For current financial quarter and year-to-date, this segment recorded decrease of RM1.223 million as compared the same period in the preceding year. The decrease in revenue is due to 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**

	<b>Current Quarter 31 March 2013 RM'000</b>	<b>Preceding Quarter 31 December 2012 RM'000</b>
Revenue	11,284	10,983
Profit before tax	1,708	1,599

Compared to the preceding financial quarter, the Group recorded an increase of RM0.301 million in revenue and increase of RM0.109 million in profit before tax. The increase in revenue was attributable to the higher amount of works completed and billed during the current financial quarter, whilst the increase in profit before tax was attributable to the lower cost of sales incurred for the current financial quarter.

## **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, and notwithstanding the strong competition in the market, the Board is optimistic of achieving a satisfactory performance for the current 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

	<b>Current Quarter Ended 31 March 2012 RM'000</b>	<b>Cumulative Year-to-Date 31 March 2012 RM'000</b>
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 an effective tax rate of the Group of nil for the current financial and cumulative quarter respectively.

## B6. Status of corporate proposals

As at the date of issuance of this interim financial report, save as disclosed below, there are no corporate proposals announced but not completed :

On 6 May 2013, the Board of Directors of EAH ("Board"), announced that the Company had on even date, entered into a heads of agreement ("HOA") with Bioenergy Design Sdn Bhd, Rising Star Yields Sdn Bhd, Tanah Surian Saujana Sdn Bhd, Tneo Tong Seng, Pey Biing Kuen, Mutiara Zainal Farid and Loh Pit Kong (collectively referred to as the "Vendors") for the proposed acquisition by EAH of 75,000,005 ordinary shares of RM0.10 each in Plant Offshore Berhad ("POB") ("Sale Shares") representing 25% of the total issued and paid up share capital of POB for an indicative purchase price of RM21,375,000 ("Purchase Price") to be fully satisfied by the issuance of 194,318,182 EAH Shares at an issue price of RM0.11 per EAH Share ("Consideration Shares").

Further details of the Proposed Acquisition, including the basis of determining the purchase consideration and the rationale for the Proposed Acquisition, will be announced upon the execution of a definitive sale and purchase agreement on terms acceptable to EAH and the Vendors.

## 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 March 2013 and the preceding year corresponding quarter ended 31 March 2012, is as follows :-

	<b>Group Quarter Ended 31 March 2013 RM'000</b>	<b>Group Quarter Ended 31 March 2012 RM'000</b>
Total retained profits of the Group:		
- Realised	28,634	22,860
- Unrealised (in respect of deferred tax recognised in the income statement)	(68)	(121)
	<hr/> 28,566	<hr/> 22,739
Less : Consolidation adjustments	(11,131)	(10,806)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 17,435	<hr/> <hr/> 11,933
	<b>Company Quarter Ended 31 March 2013 RM'000</b>	<b>Company Quarter Ended 31 March 2012 RM'000</b>
Total retained profits of the Company :		
- Realised	2,415	1,597
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<hr/> <hr/> 2,415	<hr/> <hr/> 1,597

## B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2013 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Bills Payables	288	-
Hire Purchase Creditors	1,648	1,188
Bank overdrafts	1,881	-
	<hr/> 3,817	<hr/> 1,188

**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**

	<b>Current Quarter Ended 31 March 2013 RM'000</b>	<b>Cumulative Year-to-Date 31 March 2013 RM'000</b>
This is arrived at after (charging) /crediting:-		
Interest income	25	25
Interest expenses	(148)	(148)
Depreciation and amortization	(174)	(174)

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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year-To-Date</b>	<b>Preceding Year Corresponding Period</b>
<b>Basic Earnings Per Share</b>	<b>31 March 2013</b>	<b>31 March 2012</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Profit attributable to the equity holders of the Company (RM'000)	1,491	2,084	1,491	2,084
Weighted average number of shares in	425,177	305,177	425,177	305,177

issue ('000)

Basic earnings per share (sen)	0.35	0.68	0.35	0.68
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(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: 31 May 2013