

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2013

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2013	Preceding year corresponding quarter 30 June 2012	Current year to date 30 June 2013	Preceding year corresponding period 30 June 2012
	RM'000	RM'000	RM'000	RM'000
Revenue	11,437	10,255	22,721	21,838
Cost of Sales	<u>(5,330)</u>	<u>(4,261)</u>	<u>(11,471)</u>	<u>(9,435)</u>
Gross Profit	6,107	5,994	11,250	12,403
Other Operating Income	3	3	28	5
Operating Expenses	(2,959)	(3,456)	(6,097)	(6,453)
Depreciation and amortization	<u>(167)</u>	<u>(175)</u>	<u>(341)</u>	<u>(349)</u>
Operating Profit	2,984	2,366	4,840	5,606
Finance cost	<u>(179)</u>	<u>(197)</u>	<u>(327)</u>	<u>(299)</u>
Profit Before Tax	2,805	2,169	4,513	5,307
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit After Tax	2,805	2,169	4,513	5,307
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>2,805</u>	<u>2,169</u>	<u>4,513</u>	<u>5,307</u>
Profit attributable to :				
Equity holders of the Company	2,610	1,398	4,101	3,482
Non-controlling interests	<u>195</u>	<u>771</u>	<u>412</u>	<u>1,825</u>
	<u>2,805</u>	<u>2,169</u>	<u>4,513</u>	<u>5,307</u>
Total comprehensive income attributable to :				
Equity holders of the Company	2,610	1,398	4,101	3,482
Non-controlling interests	<u>195</u>	<u>771</u>	<u>412</u>	<u>1,825</u>
	<u>2,805</u>	<u>2,169</u>	<u>4,513</u>	<u>5,307</u>
Weighted average no. of ordinary shares in issue ('000)	425,177	305,177	425,177	305,177
Earnings per share (sen):-				
a) Basic	0.61	0.46	0.96	1.14

(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 30 JUNE 2013**

	As at 30 June 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,577	1,911
Intangible Assets - Goodwill on consolidation	19,675	19,675
Intangible Assets - R&D expenditure	8,853	7,990
	<u>30,105</u>	<u>29,576</u>
Current assets		
Inventories	327	294
Receivables	38,994	33,199
Fixed Deposits with licensed banks	1,566	1,676
Cash And Cash Equivalents	1,402	5,852
	<u>42,289</u>	<u>41,021</u>
Total Assets	<u><u>72,394</u></u>	<u><u>70,597</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
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	20,045	15,944
	<u>64,257</u>	<u>60,156</u>
Non-controlling interests	2,375	1,963
Total equity	<u>66,632</u>	<u>62,119</u>
Non-current liabilities		
Hire purchase creditors	1,132	1,263
Deferred tax liabilities	68	68
	<u>1,200</u>	<u>1,331</u>
Current liabilities		
Payables	1,376	1,300
Hire purchase creditors	1,221	2,255
Bills payables	413	1,182
Bank overdrafts	1,209	2,016
Provision for taxation	343	394
	<u>4,562</u>	<u>7,147</u>
Total liabilities	<u>5,762</u>	<u>8,478</u>
Total equity and liabilities	<u><u>72,394</u></u>	<u><u>70,597</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.15</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 SECOND QUARTER ENDED 30 JUNE 2013

	Current year to date 30 June 2013 (Unaudited) RM'000	Preceding year corresponding period 30 June 2012 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	4,513	5,307
Adjustments for :-		
Depreciation and amortization	341	349
Interest expenses	327	299
Interest income	(28)	(5)
	<u>640</u>	<u>643</u>
Operating profit before working capital changes	5,153	5,950
Changes in working capital		
Net change in directors	-	100
Net change in inventories	(33)	(158)
Net change in trade and other receivables	(5,795)	(3,757)
Net change in trade and other payables	76	(2,808)
Net cash from operations	<u>(599)</u>	<u>(673)</u>
Interest received	28	5
Interest paid	(327)	(299)
Tax paid	(51)	(1)
Net cash used in operating activities	<u>(949)</u>	<u>(968)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(863)	(1,908)
Purchase of plant and equipment	(7)	(81)
Listing expenses paid	-	(131)
Withdrawal of fixed deposits	110	(500)
Net cash used in investing activities	<u>(760)</u>	<u>(2,620)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Hire Purchase	(1,165)	868
Bills payable	(769)	(185)
Net cash generated from financing activities	<u>(1,934)</u>	<u>683</u>
Net Change in Cash and Cash Equivalents	(3,643)	(2,905)
Cash and Cash Equivalents at beginning of the period	3,836	4,415
Cash and Cash Equivalents at end of the period	<u><u>193</u></u>	<u><u>1,510</u></u>
Represented by :		
Cash and bank balances	1,402	1,510
Bank overdrafts	(1,209)	-
	<u><u>193</u></u>	<u><u>1,510</u></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 SECOND QUARTER ENDED 30 JUNE 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	62,119
Profit for the period	-	-	-	-	4,101	4,101	412	4,513
Balance as at 30 June 2013	42,518	9,312	6,120	(13,738)	20,045	64,257	2,375	66,632

As at preceding year corresponding quarter 30 June 2012

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

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 MFRSSs, 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 MFRSSs, 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")

Quarter Ended 30 June 2013	ICT Services	Software Solutions	RFID, ACS & BAS	Elimi- nations	Consoli- dated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	5,298	5,809	330	-	11,437
Cost of sales	(4,486)	(749)	(95)	-	(5,330)
Segment profit	812	5,060	235	-	6,107
Profit before taxation					2,805
Income tax expenses					-
Profit after tax					2,805
Other comprehensive income					-
Total Comprehensive Income					2,805

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 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:-

	Current Quarter Ended 30 June 2013 RM'000	Cumulative Year-to-Date 30 June 2013 RM'000
Property, plant & equipment: Additions	3	7

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 2012.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 30 June 2013 that has not been reflected in this interim financial report.

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 2013, the Group recorded revenue of RM11.437 million and profit before tax of RM2.805 million.

Compared to the previous corresponding financial quarter, the Group recorded an increase of RM1.182 million in revenue and increase in profit before tax of RM0.636 million. The increases are mainly attributable to the higher number of new work orders/contracts received and completed under the ICT services and Software Solutions segments.

Revenue by segment :

	Current financial quarter ended 30 June 2013 (RM'000)	Preceding financial quarter ended 30 June 2012 (RM'000)	Current Financial Year-to-date 30 June 2013 (RM'000)	Preceding Financial Year-to-date 30 June 2012 (RM'000)
ICT Services	5,298	3,800	9,460	8,070
Software Solutions	5,809	5,524	12,402	11,085
RFID, ACS & BAS	330	931	859	2,683

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded an increase of RM1.498 million and RM1.390 million in revenue as compared to the same periods in the preceding year respectively. The increase in revenue is due to new work orders received from current customers for project add-ons and modifications.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded an increase of RM0.285 million and RM1.317 million in revenue as compared to the same periods in the preceding year respectively. 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 a decrease of RM0.601 million and RM1.824 million in revenue as compared to the same periods in the preceding year respectively. 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

	Current Quarter 30 June 2013 RM'000	Preceding Quarter 31 March 2013 RM'000
Revenue	11,437	11,284
Profit before tax	2,805	1,708

Compared to the preceding financial quarter, the Group recorded an increase of RM0.153 million in revenue and increase of RM1.097 million in profit before tax. The increase in revenue are mainly attributable to the higher number of new work orders/contracts received and completed under the ICT services and Software Solutions segments. The higher profit before tax margin recorded in current financial quarter is attributable to the lower cost of sales incurred as the bulk of the works were completed using the Group's own resources.

B3. Prospects for 2013

The National ICT Association of Malaysia (Pikom) has forecast 10% to 12% growth in information and communication technology (ICT) spending this year and the next five years. Its president and CEO Shaifubahrim Saleh said the association was confident of achieving the growth target. Last year, ICT spending in the country totaled RM57 billion and about 20% were from hardware sales.

(Source : The Edge, 1 April 2013)

On 10 July 2013 and 15 July 2013, the Company announced the award of projects by Lembaga Hasil Dalam Negeri Malaysian to its wholly-owned subsidiary company, EASS Sdn Bhd, for the value of RM59,140,000 and RM11,998,480 respectively. With these and the other current projects in hand, 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

	Current Quarter Ended 30 June 2013 RM'000	Cumulative Year-to-Date 30 June 2013 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 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 30 June 2013 and the preceding year corresponding quarter ended 30 June 2012, is as follows :-

	Group Quarter Ended 30 June 2013 RM'000	Group Quarter Ended 30 June 2012 RM'000
Total retained profits of the Group:		
- Realised	31,438	23,315
- Unrealised (in respect of deferred tax recognised in the income statement)	(67)	(121)
	<hr/>	<hr/>
	31,371	23,194
Less : Consolidation adjustments	(11,326)	(9,863)
Total Group retained profits as per consolidated accounts	<hr/> <hr/>	<hr/> <hr/>
	20,045	13,331
	Company Quarter Ended 30 June 2013 RM'000	Company Quarter Ended 30 June 2012 RM'000
Total retained profits of the Company :		
- Realised	2,060	2,981
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<hr/> <hr/>	<hr/> <hr/>
	2,060	2,981

B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2013 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bills Payables	413	-
Hire Purchase Creditors	1,221	1,132
Bank overdrafts	1,209	-
	<hr/>	<hr/>
	2,843	1,132
	<hr/> <hr/>	<hr/> <hr/>

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 30 June 2013 RM'000	Cumulative Year-to-Date 30 June 2013 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	3	28
Interest expenses	(179)	(327)
Depreciation and amortization	(167)	(341)

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 2013	30 June 2012	30 June 2013	30 June 2012
Profit attributable to the equity holders of the Company (RM'000)	2,610	1,398	4,101	3,482

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Earnings Per Share	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Weighted average number of shares in issue ('000)	425,177	305,177	425,177	305,177
Basic earnings per share (sen)	0.61	0.46	0.96	1.14

(b) Diluted earnings per share

Diluted earnings per share is not applicable for the financial period as the unexercised convertible warrants were anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of the warrants.

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 30 August 2013