

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 31 December 2013	Preceding year corresponding quarter 31 December 2012	Current year to date 31 December 2013	Preceding year corresponding period 31 December 2012
	RM'000	RM'000	RM'000	RM'000
Revenue	23,444	10,983	91,790	45,875
Cost of Sales	<u>(18,091)</u>	<u>(6,025)</u>	<u>(67,536)</u>	<u>(23,116)</u>
Gross Profit	5,353	4,958	24,254	22,759
Other Operating Income	67	-	96	7
Operating Expenses	(3,298)	(3,000)	(12,768)	(12,622)
Depreciation and amortization	<u>(193)</u>	<u>(178)</u>	<u>(686)</u>	<u>(704)</u>
Operating Profit	1,929	1,780	10,896	9,440
Finance cost	<u>(92)</u>	<u>(181)</u>	<u>(675)</u>	<u>(612)</u>
Profit Before Tax	1,837	1,599	10,221	8,828
Taxation	<u>(422)</u>	<u>(210)</u>	<u>(602)</u>	<u>(215)</u>
Profit After Tax	1,415	1,389	9,619	8,613
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>1,415</u>	<u>1,389</u>	<u>9,619</u>	<u>8,613</u>
Profit attributable to :				
Equity holders of the Company	1,762	1,161	9,307	5,871
Non-controlling interests	<u>(347)</u>	<u>228</u>	<u>313</u>	<u>2,742</u>
	<u>1,415</u>	<u>1,389</u>	<u>9,620</u>	<u>8,613</u>
Total comprehensive income attributable to :				
Equity holders of the Company	1,762	1,161	9,307	5,871
Non-controlling interests	<u>(347)</u>	<u>228</u>	<u>313</u>	<u>2,742</u>
	<u>1,415</u>	<u>1,389</u>	<u>9,620</u>	<u>8,613</u>
Weighted average no. of ordinary shares in issue ('000)	425,177	357,350	425,177	318,291
Earnings per share (sen):-				
a) Basic	0.41	0.32	2.19	1.84

(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 DECEMBER 2013**

	As at 31 December 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,308	1,911
Intangible Assets - Goodwill on consolidation	19,675	19,675
Intangible Assets - R&D expenditure	10,097	7,990
	<u>31,080</u>	<u>29,576</u>
Current assets		
Inventories	194	294
Receivables	48,543	33,199
Fixed Deposits with licensed banks	3,281	1,676
Cash And Cash Equivalents	6,494	5,852
	<u>58,512</u>	<u>41,021</u>
Total Assets	<u>89,592</u>	<u>70,597</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	25,251	15,944
	<u>69,463</u>	<u>60,156</u>
Non-controlling interests	2,276	1,963
Total equity	<u>71,739</u>	<u>62,119</u>
Non-current liabilities		
Hire purchase creditors	999	1,263
Deferred tax liabilities	68	68
	<u>1,067</u>	<u>1,331</u>
Current liabilities		
Payables	11,118	1,300
Hire purchase creditors	265	2,255
Bills payables	2,616	1,182
Bank overdrafts	1,886	2,016
Provision for taxation	901	394
	<u>16,786</u>	<u>7,147</u>
Total liabilities	<u>17,853</u>	<u>8,478</u>
Total equity and liabilities	<u>89,592</u>	<u>70,597</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.16</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 FOURTH QUARTER ENDED 31 DECEMBER 2013

	Current year to date 31 December 2013 (Unaudited) RM'000	Preceding year corresponding period 31 December 2012 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	10,221	9,053
Adjustments for :-		
Depreciation and amortization	686	693
Interest expenses	675	501
Interest income	(96)	(10)
	<u>1,265</u>	<u>1,184</u>
Operating profit before working capital changes	11,486	10,237
Changes in working capital		
Net change in directors	-	(750)
Net change in inventories	100	26
Net change in trade and other receivables	(15,344)	(547)
Net change in trade and other payables	9,818	(421)
Net cash from operations	<u>6,060</u>	<u>8,545</u>
Interest received	96	7
Interest paid	(675)	(501)
Tax paid	(94)	(82)
Net cash used in operating activities	<u>5,387</u>	<u>7,969</u>
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(2,167)	(2,965)
Purchase of plant and equipment	(23)	(164)
Listing expenses paid	-	(567)
Placement of fixed deposits	(1,605)	(937)
Net cash used in investing activities	<u>(3,795)</u>	<u>(4,633)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend to non-controlling interest	-	(1,715)
Borrowings	-	-
Hire Purchase	(2,254)	(2,200)
Bills payable	1,434	-
Net cash generated from financing activities	<u>(820)</u>	<u>(3,915)</u>
Net Change in Cash and Cash Equivalents	772	(579)
Cash and Cash Equivalents at beginning of the period	3,836	4,415
Cash and Cash Equivalents at end of the period	<u>4,608</u>	<u>3,836</u>
Represented by :		
Cash and bank balances	6,494	5,852
Bank overdrafts	(1,886)	(2,016)
	<u>4,608</u>	<u>3,836</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 FOURTH QUARTER ENDED 31 DECEMBER 2013**

	<----- 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 2013	42,518	9,312	6,120	(13,738)	15,944	60,156	1,963	62,119
Profit for the period	-	-	-	-	9,307	9,307	313	9,620
Balance as at 31 December 2013	42,518	9,312	6,120	(13,738)	25,251	69,463	2,276	71,739

As at preceding year corresponding quarter 31 December 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	(10,318)	-	-	-	(145)	-	(145)
Acquisition of subsidiary	12,000	5,579	-	(13,738)	-	3,841	(4,262)	(421)
Profit for the period	-	-	-	-	6,095	6,095	1,057	7,152
Balance as at 31 December 2012	42,518	9,312	6,120	-	15,944	60,156	1,963	62,119

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”)

Quarter Ended 31 December 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	14,143	8,279	1,022	-	23,444
Cost of sales	(10,413)	(7,046)	(632)	-	18,091
Segment profit	3,730	1,233	390	-	5,353
Profit before taxation					1,837
Income tax expenses					(422)
Profit after tax					1,415
Other comprehensive income					-
Total Comprehensive Income					1,415

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 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 31 December 2013 RM'000	Cumulative Year-to-Date 31 December RM'000
Property, plant & equipment: Additions	-	23

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 31 December 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 31 December 2013, the Group recorded revenue of RM23.444 million and profit before tax of RM1.837 million.

Compared to the previous corresponding financial quarter, the Group recorded an increase of RM12.461 million in revenue and increase in profit before tax of RM0.238 million. The increases in revenue and profit before tax are mainly attributable to the progress billing under the projects awarded by Lembaga Hasil Dalam Negeri Malaysia (“LHDNM”) to EAH’s subsidiary company, EASS Sdn Bhd (“EASS”).

Revenue by segment :

	Current financial quarter ended 31 December 2013 (RM'000)	Preceding financial quarter ended 31 December 2012 (RM'000)	Current Financial Year-to-date 31 December 2013 (RM'000)	Preceding Financial Year-to-date 31 December 2012 (RM'000)
ICT Services	14,143	1,499	61,693	14,197
Software Solutions	8,279	9,152	26,197	28,262
RFID, ACS & BAS	1,022	332	3,900	3,556

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded increase of RM12.644 million and RM47.496 million in revenue as compared to the same periods in the preceding year respectively. The increase in revenue is mainly due to the progress billing under the projects awarded by LHDNM to EASS.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded decrease of RM0.873 million and RM2.065 million in revenue as compared to the same periods in the preceding year respectively. The decrease in revenue is due to lower quantum of projects completed and billed.

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

For current financial quarter and year-to-date, this segment recorded increase of RM0.690 million and RM0.344 million in revenue as compared to the same periods in the preceding year respectively. The increase in revenue is due to new projects secured and completed during the year.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 December 2013 RM'000	Preceding Quarter 30 September 2013 RM'000
Revenue	23,444	45,625
Profit before tax	1,837	3,871

Compared to the preceding financial quarter, the Group recorded decrease of RM22.181 million in revenue and RM2.034 million in profit before tax. The decreases are mainly attributable to the difference in progress billing under the projects awarded by LHDNM, which fluctuates quarter to quarter. The profit before tax margin recorded in current financial quarter is lower due to the higher mixture of external costs such as hardware and third party software used in the projects.

B3. Prospects for 2014

According to analyst firm Gartner's July study of global IT spending, Malaysia should reach RM61.9 billion in 2013, which is up 6.4% over 2012, reflecting a generally positive trend in emerging economies in the Asia Pacific region. In USD terms, it forecasts Malaysia's IT spending will grow 5.9 percent in 2013, rising to 6.5% in 2014". The forecast comprises-Telecommunications services (RM33.9 billion), Devices (RM13.3 billion), IT services (RM9.8 billion), Software (RM3.3 billion), and Data Centre Systems (RM1.7 billion).

(Source: "Malaysia's IT spending up 6.4%, to surpass USD19 billion in 2013", Computerworld website, 1 August 2013)

On 10 July 2013 and 15 July 2013, the Company announced the award of two (2) projects by LHDNM to its wholly-owned subsidiary company, EASS Sdn Bhd. The value of the projects were 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 next financial year ending 31 December 2014.

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 2013 RM'000	Cumulative Year-to-Date 31 December 2013 RM'000
Current tax	422	602
	<hr/> 422 <hr/>	<hr/> 602 <hr/>

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 (M) Sdn Bhd 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 23.0% and 5.9% 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 25 November 2013, on behalf of the Board of Directors of EAH ("Board"), RHB Investment Bank Berhad ("RHB") announced that the Company proposed to undertake a bonus issue of up to 120,317,166 Warrants B in EAH on the basis of two (2) free Warrants B for every nine (9) existing EAH Shares held on an entitlement date to be determined ("Bonus Issue of Warrants").

The Bonus Issue of Warrants was subsequently approved by the shareholders of the Company in the Extraordinary General Meeting held on 27 January 2014.

On 10 February 2014, on behalf of the Board, RHB announced that the Company had resolved to fix the exercise price of the Warrants at RM0.18 each. The exercise price per Warrant represents a discount of approximately 5.56% to the five (5)-day weighted average market price of EAH Shares as traded on Bursa Malaysia Securities Berhad up to and including 7 February 2014 of RM0.19 per EAH Share.

The Entitlement Date for the Bonus Issue of Warrants is fixed to be on 24 February 2014.

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

	Group Quarter Ended 31 December 2013 RM'000	Group Quarter Ended 31 December 2012 RM'000
Total retained profits of the Group:		
- Realised	36,542	26,925
- Unrealised (in respect of deferred tax recognised in the income statement)	(67)	(67)
	<hr/> 36,475	<hr/> 26,858
Less : Consolidation adjustments	(11,224)	(10,914)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 25,251	<hr/> <hr/> 15,944
	Company Quarter Ended 31 December 2013 RM'000	Company Quarter Ended 31 December 2012 RM'000
Total retained profits of the Company :		
- Realised	1,319	2,707
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<hr/> <hr/> 1,319	<hr/> <hr/> 2,707

B9. Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Hire Purchase Creditors	265	999
Bills Payables	2,616	-
Bank overdrafts	1,886	-
	<hr/> 4,767	<hr/> 999

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 2013 RM'000	Cumulative Year-to-Date 31 December 2013 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	67	96
Interest expenses	(92)	(675)
Depreciation and amortization	(193)	(686)

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 2013	31 December 2012	31 December 2013	31 December 2012
Profit attributable to the equity holders of the Company (RM'000)	1,762	1,161	9,307	5,871

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Earnings Per Share	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Weighted average number of shares in issue ('000)	425,177	357,350	425,177	318,291
Basic earnings per share (sen)	0.41	0.32	2.19	1.84

(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: 24 February 2014