

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 December 2014	Preceding year corresponding quarter 31 December 2013	Current year to date 31 December 2014	Preceding year corresponding period 31 December 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	6,527	23,444	40,290	91,790
Cost of Sales	<u>(4,697)</u>	<u>(18,091)</u>	<u>(21,576)</u>	<u>(67,536)</u>
Gross Profit	1,830	5,353	18,714	24,254
Other Operating Income	59	67	180	96
Operating Expenses	(3,276)	(3,298)	(11,833)	(12,768)
Depreciation and amortization	<u>(279)</u>	<u>(193)</u>	<u>(906)</u>	<u>(686)</u>
Operating Profit	(1,666)	1,929	6,155	10,896
Finance cost	<u>(80)</u>	<u>(92)</u>	<u>(430)</u>	<u>(675)</u>
Profit/(Loss) Before Tax	(1,746)	1,837	5,725	10,221
Taxation	<u>858</u>	<u>(422)</u>	<u>(682)</u>	<u>(602)</u>
Profit/(Loss) After Tax	(888)	1,415	5,043	9,619
Other comprehensive income	-	-	-	-
Total comprehensive income/(Loss)	<u>(888)</u>	<u>1,415</u>	<u>5,043</u>	<u>9,619</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	(874)	1,762	4,889	9,307
Non-controlling interests	<u>(14)</u>	<u>(347)</u>	<u>154</u>	<u>313</u>
	<u>(888)</u>	<u>1,415</u>	<u>5,043</u>	<u>9,620</u>
Total comprehensive income attributable to :				
Equity holders of the Company	(874)	1,762	4,889	9,307
Non-controlling interests	<u>(14)</u>	<u>(347)</u>	<u>154</u>	<u>313</u>
	<u>(888)</u>	<u>1,415</u>	<u>5,043</u>	<u>9,620</u>
Weighted average no. of ordinary shares in issue ('000)	850,354	557,128	730,700	557,128
Earnings/(Loss) per share (sen):-				
a) Basic	(0.10)	0.32	0.67	1.67

(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 2013 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 2014**

	As at 31 December 2014 (Unaudited) RM'000	As at 31 December 2013 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,182	1,306
Intangible Assets - Goodwill on consolidation	30,753	19,675
Intangible Assets - Intellectual Property Rights	3,413	-
Intangible Assets - R&D expenditure	11,182	10,097
	<u>50,530</u>	<u>31,078</u>
Current assets		
Inventories	475	194
Receivables	39,365	48,915
Fixed Deposits with licensed banks	3,361	2,470
Cash And Cash Equivalents	30,449	6,848
	<u>73,650</u>	<u>58,427</u>
Total Assets	<u>124,180</u>	<u>89,505</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	85,035	42,518
Share premium	8,072	9,312
Warrants reserve	15,623	6,120
Other reserve	(13,738)	(13,738)
Retained profits	20,315	24,929
	<u>115,307</u>	<u>69,141</u>
Non-controlling interests	2,388	2,234
Total equity	<u>117,695</u>	<u>71,375</u>
Non-current liabilities		
Hire purchase creditors	915	999
Deferred tax liabilities	389	49
	<u>1,304</u>	<u>1,048</u>
Current liabilities		
Payables	1,251	11,246
Hire purchase creditors	288	265
Bills payables	1,040	2,626
Amount due to director	10	10
Bank overdrafts	-	1,886
Term loans	1,189	-
Provision for taxation	1,403	1,049
	<u>5,181</u>	<u>17,082</u>
Total liabilities	<u>6,485</u>	<u>18,130</u>
Total equity and liabilities	<u>124,180</u>	<u>89,505</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.14</u>	<u>0.16</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 2013 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 2014**

	Current year to date 31 December 2014 (Unaudited) RM'000	Preceding year corresponding period 31 December 2013 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	5,725	10,221
Adjustments for :-		
Depreciation and amortization	906	686
Interest expenses	430	675
Interest income	(180)	(96)
	<u>1,156</u>	<u>1,265</u>
Operating profit before working capital changes	6,881	11,486
Changes in working capital		
Net change in directors	-	-
Net change in inventories	(281)	100
Net change in trade and other receivables	12,037	(15,344)
Net change in trade and other payables	(9,939)	9,818
Net cash from operations	<u>8,698</u>	<u>6,060</u>
Interest received	180	96
Interest paid	(430)	(675)
Tax paid	(758)	(94)
Net cash used in operating activities	<u>7,690</u>	<u>5,387</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiary company	(17,551)	-
R&D expenditure paid	(1,482)	(2,167)
Purchase of plant and equipment	(3,094)	(23)
Placement of fixed deposits	(891)	(1,605)
Net cash used in investing activities	<u>(23,018)</u>	<u>(3,795)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue	42,517	-
Listing expenses paid	(1,245)	-
Term loans	1,189	
Hire Purchase	(61)	(2,254)
Bills payable	(1,586)	1,434
Net cash generated from financing activities	<u>40,814</u>	<u>(820)</u>
Net Change in Cash and Cash Equivalents	25,486	772
Cash and Cash Equivalents at beginning of the period	4,963	3,836
Cash and Cash Equivalents at end of the period	<u>30,449</u>	<u>4,608</u>
Represented by :		
Cash and bank balances	30,449	6,494
Bank overdrafts	-	(1,886)
	<u>30,449</u>	<u>4,608</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 2013 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 2014**

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests	Total Equity
	<----- Non-distributable ----->				<Distributable>			
	Share Capital	Share Premium	Warrants Reserve	Other Reserves	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2014	42,518	9,312	6,120	(13,738)	24,929	69,141	2,234	71,375
Bonus Issue of Warrants	-	(258)	-	-	-	(258)	-	(258)
Rights Issue	42,517	(982)	9,503	-	(9,503)	41,535		41,535
Profit for the period	-	-	-	-	4,889	4,889	154	5,043
Balance as at 31 December 2014	85,035	8,072	15,623	(13,738)	20,315	115,307	2,388	117,695
As at preceding year corresponding quarter 31 December 2013								
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

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 2013 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 2013 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 2014. 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 2013.

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. 94,483,666 Warrants B were issued on 25 February 2014 pursuant to the bonus issue of warrants ("Warrants B") on the basis of two (2) free Warrants B for every nine (9) existing ordinary shares of RM0.10 each in EA Holdings Berhad held on 24 February 2014. Each Warrant B entitles the holder of the right to subscribe for one (1) new ordinary share of RM0.10 each in the Company at an exercise price of RM0.18 per Warrant B. The Warrants B will expire on 24 February 2019. As at 31 December 2014, no Warrants B had been exercised.
- ii. On 24 June 2014, the Company announced that the following were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad : -
 - a) 425,176,500 Rights Shares and 212,588,250 Warrants C issued pursuant to the Rights Issue with Warrants. As at 30 September 2014, and
 - b) 34,812,498 additional warrants 2010/ 2015 in EAH ("Warrants A") and 28,293,156 additional warrants 2014/ 2019 in EAH ("Warrants B") issued pursuant to the adjustments arising from the Rights Issue with Warrants (excluding fractional entitlements which were disregarded).

As at 31 December 2014, no Warrants C 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 2014	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	2,011	1,350	4,366	(1,200)	6,527
Cost of sales	(1,907)	(1,041)	(2,949)	(1,200)	(4,697)
Segment profit	104	309	1,417	-	1,830
Loss before taxation					(1,746)
Income tax expenses					858
Loss after tax					(888)
Other comprehensive income					-
Total Comprehensive Loss					(888)

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 2014.

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 2014 RM'000	Cumulative Year-to-Date 31 December 2014 RM'000
Property, plant & equipment: Additions	3,060	34

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 2013.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 December 2014 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 2014, the Group recorded revenue of RM6.527 million and loss before tax of RM1.746 million.

Compared to the previous corresponding financial quarter, the Group recorded decrease of RM16.917 million in revenue and RM3.583 million in profit before tax. The weak results for the current financial quarter were mainly attributable to the lack of new major projects for the ICT Services segment and Software Solutions segment. Consequently, the Group recorded a loss before tax as the lower revenue was insufficient to cover the Group's operating and administrative expenses. The Group aims to mitigate this downward trend by expanding its range of products and services deliverables, both via its own research and development efforts and via acquisition, as exemplified by its recently concluded acquisition of Murasaki Technology Sdn Bhd.

Revenue by segment :

	Current financial quarter ended 31 December 2014 (RM'000)	Preceding financial quarter ended 31 December 2013 (RM'000)	Current Financial Year-to-date 31 December 2014 (RM'000)	Preceding Financial Year-to-date 31 December 2013 (RM'000)
ICT Services	2,011	14,143	20,020	61,693
Software Solutions	400	8,279	13,467	26,197
RFID, ACS & BAS	4,116	1,022	6,803	3,900

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded decrease in revenue of RM12.132 million and RM41.673 million respectively as compared to the same periods in the preceding year. Whilst this segment achieved strong sales in FYE 2013 due to a few major projects secured, it was not able to repeat the same feat in FYE 2014 due to lack of new major projects, hence the lower revenue recorded for FYE 2014.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded decrease in revenue of RM7.789 million and RM12.730 million respectively as compared to the same periods in the preceding year. The decreases in revenue are due to lower amount 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 in revenue of RM3.094 million and RM2.903 million respectively as compared to the same periods in the preceding year respectively. The increase in revenue is mainly due to a higher number of new BAS projects completed and billed as compared to the previous financial year.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 December 2014 RM'000	Preceding Quarter 30 September 2014 RM'000
Revenue	6,527	9,564
(Loss)/ Profit before tax	(1,746)	2,081

Compared to the preceding financial quarter, the Group recorded a decrease in revenue of RM3.037 million, mainly due to lower billable revenue from the ICT and Software Solutions segment. Consequently, the Group recorded a loss before tax as the lower revenue was insufficient to cover the Group’s operating and administrative expenses.

B3. Prospects for 2015

Spending on information technology (IT) hit about US\$9 billion in 2014, comprising US\$5.5 billion on hardware, US\$1 billion on software and US\$2.5 billion on services. IT spend is expected to register a compound annual growth rate CAGR) of 9.5% from 2013-2017.

“That’s a very healthy growth rate, by the way,” Milroy told a group of journalists and industry players at Frost & Sullivan’s ICT Outlook for Malaysia briefing in Kuala Lumpur on Nov 13. IT spending across hardware, software and services is expected to grow rapidly at 10%, 8% and 9.1% respectively.

“Malaysia is also the only country in Asia Pacific where the proportion of hardware spending still outstrips spending on software and services, but we expect that to change as organisations consolidate their hardware,” he said. One of the major drivers has been the Malaysian Government and its various initiatives to encourage the adoption of ICT, including the Digital Malaysia programme that seeks to transform the nation into a fully developed ‘digital economy’ by 2020.

(Source: Digital News Asia – 14 November 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 2014 RM'000	Cumulative Year-to-Date 31 December 2014 RM'000
Current tax	(858)	682
	<u>(858)</u>	<u>682</u>

For the current financial quarter, taxation amounting to RM0.858 million was added back due to over provision in preceeding financial quarters. The Group's income from approved Multimedia Super Corridor activities carried out by its subsidiary companies, namely CSS MSC Sdn Bhd and EA MSC 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. The effective tax rate of the Group is nil and 11.9% for the current financial and cumulative quarter respectively.

B6. Status of corporate proposals

As at the date of issuance of this interim financial report, there are no corporate proposals announced but not completed.

B7. Status of utilisation of proceeds

The status of utilisation of the gross proceeds of RM42.518 million from the Rights Issue by the Company as at 31 December 2014 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
Future viable investments	30,000	18,000	12,000	-	Within 24 months from completion	
Repayment of borrowings	4,290	3,290	1,000	-	Within 24 months from completion	

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
Working capital	7,428	2,252	4,000	176	Within 24 months from completion	Being the additional rights issue expenses of RM176,000 incurred
Rights Issue expenses	800	976	-	(176)	Upon completion	
Total	42,518	24,518	18,000	-		

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 31 December 2014 and the preceding year corresponding quarter ended 31 December 2013, is as follows :-

	Group Quarter Ended 31 December 2014 RM'000	Group Quarter Ended 31 December 2013 RM'000
Total retained profits of the Group:		
- Realised	24,504	36,542
- Unrealised (in respect of deferred tax recognised in the income statement)	(389)	(67)
	<hr/>	<hr/>
	24,115	34,475
Less : Consolidation adjustments	(3,800)	(11,224)
Total Group retained profits as per consolidated accounts	<hr/> <hr/>	<hr/> <hr/>
	20,315	25,251
	Company Quarter Ended 31 December 2014 RM'000	Company Quarter Ended 31 December 2013 RM'000
Total retained profits of the Company :		
- Realised	227	1,319
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<hr/> <hr/>	<hr/> <hr/>
	227	1,319

B9. Group borrowings and debt securities

The Group's borrowings as at 31 December 2014 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term Loans	1,189	-
Hire Purchase Creditors	288	915
Bills Payables	1,040	-
	<u>2,517</u>	<u>915</u>

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 2014 RM'000	Cumulative Year-to-Date 31 December 2014 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	59	180
Interest expenses	(80)	(430)
Depreciation and amortization	(279)	(906)

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
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(874)	1,762	4,889	9,307
Weighted average number of shares in issue ('000)	425,177	425,177	425,177	425,177
Effect of issuance of shares pursuant to Rights Issue ('000)	425,177	131,951	305,523	131,951
Adjusted weighted average number of shares in issue ('000)	<u>850,354</u>	<u>577,128</u>	<u>730,700</u>	<u>577,128</u>
Basic (loss)/ earnings per share (sen)	(0.10)	0.32	0.67	1.67

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(874)	1,762	4,889	9,307
Weighted average number of shares in issue ('000)	850,354	577,128	730,700	577,128

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Effect of dilution on assumed exercise of warrants ('000)	55,912	N/A	35,876	N/A
Adjusted weighted average number of shares in issue ('000)	906,266	577,128	766,576	577,128
Diluted (loss)/earnings per share (sen)	(0.10)	N/A	0.64	N/A

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 27 February 2015