

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 March 2015 RM'000	Preceding year corresponding quarter 31 March 2014 RM'000	Current year to date 31 March 2015 RM'000	Preceding year corresponding period 31 March 2014 RM'000
Revenue	4,034	12,049	4,034	12,049
Cost of Sales	<u>(2,282)</u>	<u>(7,263)</u>	<u>(2,282)</u>	<u>(7,263)</u>
Gross Profit	1,752	4,786	1,752	4,786
Other Operating Income	24	14	24	14
Operating Expenses	(2,646)	(2,541)	(2,646)	(2,541)
Depreciation and amortization	<u>(399)</u>	<u>(122)</u>	<u>(399)</u>	<u>(122)</u>
Operating Profit	(1,269)	2,137	(1,269)	2,137
Finance cost	<u>(24)</u>	<u>(163)</u>	<u>(24)</u>	<u>(163)</u>
Profit/(Loss) Before Tax	(1,293)	1,974	(1,293)	1,974
Taxation	<u>-</u>	<u>(164)</u>	<u>-</u>	<u>(164)</u>
Profit/(Loss) After Tax	(1,293)	1,810	(1,293)	1,810
Other comprehensive income	-	-	-	-
Total comprehensive income/(Loss)	<u>(1,293)</u>	<u>1,810</u>	<u>(1,293)</u>	<u>1,810</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	(1,292)	1,767	(1,292)	1,767
Non-controlling interests	<u>(1)</u>	<u>43</u>	<u>(1)</u>	<u>43</u>
	<u>(1,293)</u>	<u>1,810</u>	<u>(1,293)</u>	<u>1,810</u>
Total comprehensive income attributable to :				
Equity holders of the Company	(1,292)	1,767	(1,292)	1,767
Non-controlling interests	<u>(1)</u>	<u>43</u>	<u>(1)</u>	<u>43</u>
	<u>(1,293)</u>	<u>1,810</u>	<u>(1,293)</u>	<u>1,810</u>
Weighted average no. of ordinary shares in issue ('000)	850,354	557,128	850,354	558,127
Earnings/(Loss) per share (sen):-				
a) Basic	(0.15)	0.32	(0.15)	0.32

(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 2014 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 2015**

	As at 31 March 2015 (Unaudited) RM'000	As at 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,449	6,709
Intangible Assets - Goodwill on consolidation	30,751	30,751
Intangible Assets - Intellectual Property Rights	3,369	3,413
Intangible Assets - R&D expenditure	11,237	11,155
	<u>51,806</u>	<u>52,028</u>
Current assets		
Inventories	578	475
Receivables	39,727	40,195
Fixed Deposits with licensed banks	3,381	3,181
Cash And Cash Equivalents	26,952	30,671
	<u>70,638</u>	<u>74,522</u>
Total Assets	<u>122,444</u>	<u>126,550</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	85,035	85,035
Share premium	8,072	8,072
Warrants reserve	15,623	15,623
Other reserve	(13,738)	(13,738)
Retained profits	18,715	20,007
	<u>113,707</u>	<u>114,999</u>
Non-controlling interests	2,359	2,360
Total equity	<u>116,066</u>	<u>117,359</u>
Non-current liabilities		
Hire purchase creditors	840	915
Term loans	1,088	1,042
Deferred tax liabilities	405	402
	<u>2,333</u>	<u>2,359</u>
Current liabilities		
Payables	2,133	3,651
Hire purchase creditors	292	288
Bills payables	-	1,040
Amount due to director	-	12
Term loans	101	148
Provision for taxation	1,519	1,693
	<u>4,045</u>	<u>6,832</u>
Total liabilities	<u>6,378</u>	<u>9,191</u>
Total equity and liabilities	<u>122,444</u>	<u>126,550</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.13</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 2014 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 2015**

	Current year to date 31 March 2015 (Unaudited) RM'000	Preceding year corresponding period 31 March 2014 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	(1,293)	1,974
Adjustments for :-		
Depreciation and amortization	399	122
Interest expenses	24	163
Interest income	(24)	(14)
	<u>399</u>	<u>271</u>
Operating profit before working capital changes	(894)	2,245
Changes in working capital		
Net change in directors	(12)	(10)
Net change in inventories	(103)	(70)
Net change in trade and other receivables	468	4,553
Net change in trade and other payables	(1,518)	(7,900)
Net cash from operations	<u>(2,059)</u>	<u>(1,182)</u>
Interest received	24	14
Interest paid	(24)	(163)
Tax paid	(176)	-
Net cash used in operating activities	<u>(2,235)</u>	<u>(1,331)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(172)	(271)
Purchase of plant and equipment	-	-
Listing expenses paid	-	(169)
Placement of fixed deposits	(200)	(368)
Net cash used in investing activities	<u>(372)</u>	<u>(808)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Term loans	(1)	-
Hire Purchase	(71)	(65)
Bills payable	(1,040)	(808)
Net cash generated from financing activities	<u>(1,112)</u>	<u>(873)</u>
Net Change in Cash and Cash Equivalents	(3,719)	(3,012)
Cash and Cash Equivalents at beginning of the period	30,671	4,963
Cash and Cash Equivalents at end of the period	<u><u>26,952</u></u>	<u><u>1,951</u></u>
Represented by :		
Cash and bank balances	26,952	4,421
Bank overdrafts	-	(2,470)
	<u><u>26,952</u></u>	<u><u>1,951</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 2014 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 2015**

	<----- 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 2015	85,035	8,072	15,623	(13,738)	20,007	114,999	2,360	117,359
Profit for the period	-	-	-	-	(1,292)	(1,292)	(1)	(1,293)
Balance as at 31 March 2015	85,035	8,072	15,623	(13,738)	18,715	113,707	2,359	116,066

As at preceding year corresponding quarter 31 March 2014

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	-	(217)	-	-	-	(217)	-	(217)
Profit for the period	-	-	-	-	1,767	1,767	43	1,810
Balance as at 31 March 2014	42,518	9,095	6,120	(13,738)	26,696	70,691	2,277	72,968

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 2014 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 2014 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 2015. 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 2014.

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 March 2015	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	665	2,355	1,014	-	4,034
Cost of sales	(489)	(1,220)	(573)	-	(2,282)
Segment profit	104	309	1,417	-	1,752
Loss before taxation					(1,293)
Income tax expenses					-
Loss after tax					(1,293)
Other comprehensive income					-
Total Comprehensive Loss					(1,293)

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 2015.

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 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
Property, plant & equipment: Additions	-	-

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 2014.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 2015 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 March 2015, the Group recorded revenue of RM4.034 million and loss before tax of RM1.293 million.

Compared to the previous corresponding financial quarter, the Group recorded decrease of RM8.015 million in revenue and RM3.267 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.

Revenue by segment :

	Current financial quarter ended 31 March 2015 (RM'000)	Preceding financial quarter ended 31 March 2014 (RM'000)	Current Financial Year-to-date 31 March 2015 (RM'000)	Preceding Financial Year-to-date 31 March 2014 (RM'000)
ICT Services	665	8,412	665	8,412
Software Solutions	2,355	3,232	2,355	3,232
RFID, ACS & BAS	1,014	405	1,014	405

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded decrease in revenue of RM7.747 million as compared to the same periods in the preceding year, which was attributable to lower value of new projects completed during the current year.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded decrease in revenue of RM0.877 million respectively as compared to the same periods in the preceding year. The decrease in revenue is 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 RM0.609 million as compared to the same periods in the preceding year respectively. The increase in revenue is 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 March 2015 RM'000	Preceding Quarter 31 December 2014 RM'000
Revenue	4,034	6,527
(Loss)/ Profit before tax	(1,293)	(1,746)

Compared to the preceding financial quarter, the Group recorded a decrease in revenue of RM2.493 million, mainly due to lower billable revenue from the ICT and Software Solutions segment. The Group reduced its loss before tax by RM0.453 million due to contribution from its newly acquired subsidiary company, Murasaki Technology Sdn Bhd.

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 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
Current tax	-	-
	-	-

For the current financial quarter and cumulative financial quarter, no taxation was provided as the Group was in a tax loss position. The effective tax rate of the Group is nil for both 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 18 March 2015, RHB Investment Bank Berhad announced on behalf of the Board of Directors of EAH, that the Company proposes to undertake the following:-

- i. bonus issue of up to 267,356,264 Bonus Shares, to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing EAH Shares held on an entitlement date to be determined later ("Proposed Bonus Issue");
- ii. acquisition by EAH from Chong Mui Fun, Shankar a/l Muniandy, Yong Chee Hon, Dr. Yeoh Seong Mok, Yong Zhen Wei and Yeoh William (collectively referred to as the "Vendors"), for the proposed acquisition of 800,000 ordinary shares of RM1.00 each in Cepak, representing 20% of the equity interest in Cepak for a purchase consideration of RM47,040,000, which will be fully satisfied by the issuance of 470,400,000 EAH Shares at an issue price of RM0.10 per EAH Share ("Proposed Acquisition"); and
- iii. diversification of the existing principal activities of EAH and its subsidiary companies to include mechanical and electrical engineering business and construction project management consultancy business ("Proposed Diversification").

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 March 2015 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	4,290	-	-	Within 24 months from completion	
Working capital	7,428	3,252	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	26,518	17,000	-		

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 31 March 2015 and the preceding year corresponding quarter ended 31 March 2014, is as follows :-

	Group Quarter Ended 31 March 2015 RM'000	Group Quarter Ended 31 March 2014 RM'000
Total retained profits of the Group:		
- Realised	32,353	37,972
- Unrealised (in respect of deferred tax recognised in the income statement)	(404)	(49)
	<u>31,949</u>	<u>37,923</u>
Less : Consolidation adjustments	(13,234)	(11,227)
Total Group retained profits as per consolidated accounts	<u>18,715</u>	<u>26,696</u>

	Company Quarter Ended 31 March 2015 RM'000	Company Quarter Ended 31 March 2014 RM'000
Total retained profits of the Company :		
- Realised	9,891	840
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	9,891	840

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2015 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term Loans	101	1,088
Hire Purchase Creditors	292	840
	393	1,928

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 March 2015 RM'000	Cumulative Year-to-Date 31 March 2015 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	24	24
Interest expenses	(24)	(24)
Depreciation and amortization	(399)	(399)

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 March 2015	31 March 2014	31 March 2015	31 March 2014
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(1,292)	1,767	(1,292)	1,767
Weighted average number of shares in issue ('000)	850,353	425,177	850,353	425,177
Effect of issuance of shares pursuant to Rights Issue ('000)	N/A	131,951	N/A	131,951
Adjusted weighted average number of shares in issue ('000)	850,353	577,128	850,353	577,128
Basic (loss)/ earnings per share (sen)	(0.15)	0.32	(0.15)	0.32

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(1,292)	1,767	(1,292)	1,767
Weighted average number of shares in issue ('000)	850,354	577,128	850,354	577,128

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31 March 2015	Preceding Year Corresponding Quarter 31 March 2014	Current Year-To-Date 31 March 2015	Preceding Year Corresponding Period 31 March 2014
Effect of dilution on assumed exercise of warrants ('000)	12,348	N/A	12,348	N/A
Adjusted weighted average number of shares in issue ('000)	862,701	577,128	862,701	577,128
Diluted (loss)/earnings per share (sen)	(0.15)	N/A	(0.15)	N/A

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 29 May 2015