

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 September 2015	Preceding year corresponding quarter 30 September 2014	Current year to date 30 September 2015	Preceding year corresponding period 30 September 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	6,095	9,564	15,710	33,763
Cost of Sales	<u>(4,477)</u>	<u>(3,292)</u>	<u>(10,443)</u>	<u>(16,879)</u>
Gross Profit	1,618	6,272	5,267	16,884
Other Operating Income	3	103	35	121
Operating Expenses	(3,625)	(3,769)	(8,764)	(8,557)
Depreciation and amortization	<u>(436)</u>	<u>(386)</u>	<u>(1,292)</u>	<u>(627)</u>
Operating Profit	(2,440)	2,220	(4,754)	7,821
Share of associate's results	1,094	-	1,094	-
Finance cost	<u>(134)</u>	<u>(139)</u>	<u>(203)</u>	<u>(350)</u>
Profit/(Loss) Before Tax	(1,480)	2,081	(3,863)	7,471
Taxation	<u>-</u>	<u>(811)</u>	<u>-</u>	<u>(1,540)</u>
Profit/(Loss) After Tax	(1,480)	1,270	(3,863)	5,931
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>(1,480)</u>	<u>1,270</u>	<u>(3,863)</u>	<u>5,931</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	(1,347)	1,256	(3,669)	5,763
Non-controlling interests	<u>(133)</u>	<u>14</u>	<u>(194)</u>	<u>168</u>
	<u>(1,480)</u>	<u>1,270</u>	<u>(3,863)</u>	<u>5,931</u>
Total comprehensive (loss)/income attributable to :				
Equity holders of the Company	(1,347)	1,256	(3,669)	5,763
Non-controlling interests	<u>(133)</u>	<u>14</u>	<u>(194)</u>	<u>168</u>
	<u>(1,480)</u>	<u>1,270</u>	<u>(3,863)</u>	<u>5,931</u>
Weighted average no. of ordinary shares in issue ('000)	1,428,169	850,354	1,045,475	820,203
Earnings/(Loss) per share (sen):-				
a) Basic	(0.09)	0.15	(0.35)	0.70

(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 30 SEPTEMBER 2015**

	As at 30 September 2015 (Unaudited) RM'000	As at 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,743	6,709
Investment in Associate Company	48,134	
Intangible Assets - Goodwill on consolidation	30,751	30,751
Intangible Assets - Intellectual Property Rights	3,281	3,413
Intangible Assets - R&D expenditure	11,420	11,155
	<u>101,329</u>	<u>52,028</u>
Current assets		
Inventories	617	475
Receivables	37,333	40,195
Fixed Deposits with licensed banks	3,339	3,181
Cash And Cash Equivalents	23,524	30,671
	<u>64,813</u>	<u>74,522</u>
Total Assets	<u><u>166,142</u></u>	<u><u>126,550</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	149,082	85,035
Share premium	-	8,072
Warrants reserve	15,623	15,623
Other reserve	(13,738)	(13,738)
Retained profits	6,458	20,007
	<u>157,425</u>	<u>114,999</u>
Non-controlling interests	2,166	2,360
Total equity	<u>159,591</u>	<u>117,359</u>
Non-current liabilities		
Hire purchase creditors	902	915
Term loans	1,999	1,042
Deferred tax liabilities	405	402
	<u>3,306</u>	<u>2,359</u>
Current liabilities		
Payables	863	3,651
Hire purchase creditors	333	288
Bills payables	-	1,040
Amount due to director	-	12
Bank overdraft	862	-
Term loans	103	148
Provision for taxation	1,084	1,693
	<u>3,245</u>	<u>6,832</u>
Total liabilities	<u>6,551</u>	<u>9,191</u>
Total equity and liabilities	<u><u>166,142</u></u>	<u><u>126,550</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.11</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 THIRD QUARTER ENDED 30 SEPTEMBER 2015**

	Current year to date 30 September 2015 (Unaudited) RM'000	Preceding year corresponding period 30 September 2014 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	(3,863)	7,471
Adjustments for :-		
Depreciation and amortization	1,292	627
Share of associate's results	(1,094)	-
Interest expenses	203	350
Interest income	(35)	(121)
	<u>366</u>	<u>856</u>
Operating profit before working capital changes	(3,497)	8,327
Changes in working capital		
Net change in directors	(12)	(10)
Net change in inventories	(142)	(174)
Net change in trade and other receivables	2,862	1,913
Net change in trade and other payables	(2,788)	(8,856)
Net cash from operations	(3,577)	1,200
Interest received	35	121
Interest paid	(203)	(350)
Tax paid	(606)	(542)
Net cash used in operating activities	(4,351)	429
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(535)	(472)
Purchase of plant and equipment	(1,925)	(34)
Placement of fixed deposits	(158)	(624)
Net cash used in investing activities	(2,618)	(1,130)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue	-	42,517
Listing expenses paid	(944)	(1,245)
Term loans	912	-
Hire Purchase	32	(202)
Bills payable	(1,040)	(2,291)
Net cash generated from financing activities	(1,040)	38,779
Net Change in Cash and Cash Equivalents	(8,009)	38,078
Cash and Cash Equivalents at beginning of the period	30,671	4,963
Cash and Cash Equivalents at end of the period	<u>22,662</u>	<u>43,041</u>
Represented by :		
Cash and bank balances	23,524	43,041
Bank overdrafts	(862)	-
	<u>22,662</u>	<u>43,041</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 THIRD QUARTER ENDED 30 SEPTEMBER 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
Investment in associate company	47,040	-	-	-	-	47,040	-	47,040
Bonus Issue	17,007	(8,072)	-	-	(9,880)	(945)	-	(945)
Profit for the period	-	-	-	-	(3,669)	(3,669)	(194)	(3,863)
Balance as at 30 September 2015	149,082	-	15,623	(13,738)	6,458	157,425	2,166	159,591
As at preceding year corresponding quarter 30 September 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	-	(258)	-	-	-	(258)	-	(258)
Rights Issue	42,517	(987)	9,503	-	(9,503)	41,530	-	41,530
Profit for the period	-	-	-	-	5,763	5,763	168	5,931
Balance as at 30 September 2014	85,035	8,067	15,623	(13,738)	21,189	116,176	2,402	118,578

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

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. On 7 July 2015, pursuant to the Bonus Issue of one (1) Bonus Share for every five (5) existing EAH Shares held, 170,070,600 Bonus Shares, additional 30,212,649 Warrants A, additional 24,555,364 Warrants B and additional 42,517,650 Warrants C consequential to the Bonus Issue were issued.
- ii. On 10 July 2015, 470,400,000 new EAH Shares were issued pursuant to the acquisition of 800,000 ordinary shares of RM1.00 each in Cepak Air Sdn Bhd (“Cepak”).

As at 30 September 2015, no Warrants A, B or 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 30 September 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	1,500	4,375	220	-	6,095
Cost of sales	(615)	(3,812)	(50)	-	(4,477)
Segment profit	885	563	170	-	1,618
Share of associate's results					1,094
Loss before taxation					(1,480)
Income tax expenses					-
Loss after tax					(1,480)
Other comprehensive income					-
Total Comprehensive Loss					(1,480)

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 September 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 30 September 2015 RM'000	Cumulative Year-to-Date 30 September 2015 RM'000
Property, plant & equipment: Additions	-	1,953

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 30 September 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 30 September 2015, the Group recorded revenue of RM6.095 million and loss before tax of RM1.480 million.

Compared to the previous corresponding financial quarter, the Group recorded decrease of RM3.469 million in revenue, which resulted in loss before tax of RM1.480 million for the current financial quarter as compared to profit before tax of RM2.081 million. 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 weak results were mitigated by contribution of profit from the Group's new investment in its associated company. The share of associate's profit for the current financial quarter is RM1.094 million. The Group aims to mitigate this downward trend by expanding its range of products and service deliverables.

Revenue by segment :

	Current financial quarter ended 30 September 2015 (RM'000)	Preceding financial quarter ended 30 September 2014 (RM'000)	Current Financial Year-to-date 30 September 2015 (RM'000)	Preceding Financial Year-to-date 30 September 2014 (RM'000)
ICT Services	1,500	3,588	5,208	18,009
Software Solutions	4,375	4,947	8,692	13,317
RFID, ACS & BAS	220	1,029	1,810	2,437

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded decrease in revenue of RM2.088 million and RM12.801 million respectively as compared to the same periods in the preceding year, which was attributable to lack 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 RM0.572 million and RM4.625 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 decrease in revenue of RM0.809 million and RM0.627 million respectively as compared to the same periods in the preceding year. The decrease in revenue during the year is mainly due to the lower revenue from the sale of RFID tags during the current financial year.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 September 2015 RM'000	Preceding Quarter 30 June 2015 RM'000
Revenue	6,095	5,581
Loss	(1,480)	(1,090)

Compared to the preceding financial quarter, the Group recorded slight increase in revenue of RM0.514 million. However, the loss before tax incurred during the current financial period is higher at RM1.480 million due to lower gross margin, as the revenue for the current financial period comprised a high portion equipment purchase and installation, which has lower margin.

B3. Prospects for 2015

The National ICT Association of Malaysia (PIKOM) expects the Malaysian ICT industry to register double-digit growth of 14.2% this year compared with 12.5% growth last year. "Despite slower economic growth anticipated in 2015, the industry is expected to register double-digit growth of 14.2% while providing a healthy increase in salaries for ICT professionals and positive prospects for future job-seekers in many niche areas. ICT continues to be a major job market for the country. For 2014, the industry grew by a robust 12.5%," PIKOM chairman Cheah Kok Hoong said in a statement yesterday following the launch of its 2014 ICT Job Market Outlook Report.

Despite the external environment and recent developments in the global and domestic economy, the report indicates that the Malaysian ICT industry remains robust – driven by intensification of the digitisation processes in transformation projects and capital intensive corridor projects as well as the consumption, investment and trading of ICT products and services.

(Source: The Sun Daily – 12 July 2015)

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 September 2015 RM'000	Cumulative Year-to-Date 30 September 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

There are no corporate proposals announced but not completed as at the date of issuance of this interim financial report.

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 30 September 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	11,000	-	Within 24 months from completion	
Repayment of borrowings	4,290	4,290	-	-	Within 24 months from completion	
Working capital	7,428	7,252	-	176	Within 24 months from	Being the additional rights issue

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation completion	Explanation
						expenses of RM176,000 incurred
Rights Issue expenses	800	976	-	(176)	Upon completion	
Total	42,518	31,518	11,000	-		

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 September 2015 and the preceding year corresponding quarter ended 30 September 2014, is as follows :-

	Group Quarter Ended 30 September 2015 RM'000	Group Quarter Ended 30 September 2014 RM'000
Total retained profits of the Group:		
- Realised	18,808	32,591
- Unrealised (in respect of deferred tax recognised in the income statement)	(405)	(49)
	<hr/> 18,403	<hr/> 32,542
Less : Consolidation adjustments	(11,945)	(11,353)
Total Group retained profits as per consolidated accounts	<hr/> 6,458	<hr/> 21,189

	Company Quarter Ended 30 September 2015 RM'000	Company Quarter Ended 30 September 2014 RM'000
Total retained profits of the Company :		
- Realised	599	586
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<hr/> 599	<hr/> 586

B9. Group borrowings and debt securities

The Group's borrowings as at 30 September 2015 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bank overdrafts	862	-
Term Loans	103	1,999
Hire Purchase Creditors	333	902
	<u>1,298</u>	<u>2,901</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 30 September 2015 RM'000	Cumulative Year-to-Date 30 September 2015 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	3	35
Interest expenses	(134)	(203)
Depreciation and amortization	(436)	(1,292)

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
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(1,347)	1,256	(3,669)	5,763
Weighted average number of shares in issue ('000)	1,428,169	425,177	1,045,475	425,177
Effect of issuance of shares pursuant to Rights Issue ('000)	N/A	425,177	N/A	395,026
Adjusted weighted average number of shares in issue ('000)	1,428,169	850,354	1,045,475	820,203
Basic (loss)/ earnings per share (sen)	(0.09)	0.15	(0.35)	0.70

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(1,347)	1,256	(3,669)	5,763
Weighted average number of shares in issue ('000)	1,428,169	850,354	1,045,475	820,203

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Effect of dilution on assumed exercise of warrants ('000)	N/A *	58,343	N/A *	28,542
Adjusted weighted average number of shares in issue ('000)	1,428,169	908,697	1,045,475	848,745
Diluted (loss)/earnings per share (sen)	(0.09)	0.14	(0.35)	0.68

(*) *Diluted earnings per share is not applicable 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 during the current financial quarter.*

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 27 November 2015