

## EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2017

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 June 2017 RM'000	Preceding year corresponding quarter 30 June 2016 RM'000	Current year to date 30 June 2017 RM'000	Preceding year corresponding period 30 June 2016 RM'000
<b>Revenue</b>	4,046	8,227	4,046	8,227
Cost of Sales	<u>(1,698)</u>	<u>(6,420)</u>	<u>(1,698)</u>	<u>(6,420)</u>
<b>Gross Profit</b>	2,348	1,807	2,348	1,807
Other Operating Income	54	69	54	69
Operating Expenses	(2,986)	(2,868)	(2,986)	(2,868)
Depreciation and amortization	<u>(555)</u>	<u>(584)</u>	<u>(555)</u>	<u>(584)</u>
Operating Loss	(1,139)	(1,576)	(1,139)	(1,576)
Share of associate's results	1,335	1,627	1,335	1,627
Finance cost	<u>(23)</u>	<u>(27)</u>	<u>(23)</u>	<u>(27)</u>
<b>Profit/(Loss) Before Tax</b>	173	24	173	24
Taxation	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
<b>Profit/(Loss) After Tax</b>	173	23	173	23
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<u><b>173</b></u>	<u><b>23</b></u>	<u><b>173</b></u>	<u><b>23</b></u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	215	108	215	108
Non-controlling interests	<u>(42)</u>	<u>(85)</u>	<u>(42)</u>	<u>(85)</u>
	<u><b>173</b></u>	<u><b>23</b></u>	<u><b>173</b></u>	<u><b>23</b></u>
<b>Total comprehensive (loss)/income attributable to :</b>				
Equity holders of the Company	215	108	215	108
Non-controlling interests	<u>(42)</u>	<u>(85)</u>	<u>(42)</u>	<u>(85)</u>
	<u><b>173</b></u>	<u><b>23</b></u>	<u><b>173</b></u>	<u><b>23</b></u>
Weighted average no. of ordinary shares in issue ('000)	1,490,828	1,490,828	1,490,828	1,490,828
Earnings/(Loss) per share (sen):-				
a) Basic	0.01	0.01	0.01	0.01

^ As at 30 June 2017, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM6.675 million.

The Group's share of profit is based on 20% of equity in Cepak Air Sdn Bhd.

- (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 period ended ("FYE") 31 March 2017 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 2017**

	As at 30 June 2017 (Unaudited) RM'000	As at 31 March 2017 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,266	6,557
Investment in Associate Company	58,533	57,198
Intangible Assets - Goodwill on consolidation	11,877	11,877
Intangible Assets - Intellectual Property Rights	2,975	3,019
Intangible Assets - Development costs	6,663	6,875
	<u>86,314</u>	<u>85,526</u>
<b>Current assets</b>		
Inventories	352	394
Receivables	32,384	33,996
Amount owing by Associate Company	1,235	1,347
Fixed Deposits with licensed banks	3,753	3,753
Cash And Cash Equivalents	16,742	17,096
	<u>54,466</u>	<u>56,586</u>
<b>Total Assets</b>	<u>140,780</u>	<u>142,112</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	149,083	149,083
Warrants reserve	9,503	9,503
Other reserve	(13,738)	(13,738)
Accumulated losses	(12,257)	(12,472)
	<u>132,591</u>	<u>132,376</u>
Non-controlling interests	199	241
<b>Total equity</b>	<u>132,790</u>	<u>132,617</u>
<b>Non-current liabilities</b>		
Hire purchase creditors	682	613
Term loans	1,841	1,840
Deferred tax liabilities	137	137
	<u>2,660</u>	<u>2,590</u>
<b>Current liabilities</b>		
Payables	2,141	2,743
Hire purchase creditors	53	246
Bills payable	1,775	2,465
Amount due to director	89	104
Term loans	83	112
Provision for taxation	1,189	1,235
	<u>5,330</u>	<u>6,905</u>
<b>Total liabilities</b>	<u>7,990</u>	<u>9,495</u>
<b>Total equity and liabilities</b>	<u>140,780</u>	<u>142,112</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.09</u>	<u>0.09</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 March 2017 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 QUARTER ENDED 30 JUNE 2017**

	Current year to date 30 June 2017 (Unaudited) RM'000	Preceding year corresponding period 30 June 2016 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	173	24
Adjustments for :-		
Depreciation and amortization	555	584
Share of associate's results	(1,335)	(1,627)
Interest expenses	23	27
Interest income	(14)	(19)
	<u>(771)</u>	<u>(1,035)</u>
<b>Operating profit before working capital changes</b>	(598)	(1,011)
Changes in working capital		
Net change in directors	(15)	-
Net change in associate company	112	4,000
Net change in inventories	42	(870)
Net change in trade and other receivables	1,612	4,731
Net change in trade and other payables	(602)	(1,803)
<b>Net cash from operations</b>	551	5,047
Interest received	14	19
Interest paid	(23)	(27)
Tax paid	(47)	(288)
<b>Net cash generated from operating activities</b>	<u>495</u>	<u>4,751</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase)/Disposal of plant and equipment	(7)	16
Placement of fixed deposits	-	(1)
<b>Net cash (used)/generated in investing activities</b>	<u>(7)</u>	<u>15</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term loans	(28)	(26)
Hire Purchase	(124)	(84)
Bills payable	(690)	(650)
<b>Net cash used in financing activities</b>	<u>(842)</u>	<u>(760)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(354)	4,006
<b>Cash and Cash Equivalents at beginning of the period</b>	17,096	15,868
<b>Cash and Cash Equivalents at end of the period</b>	<u>16,742</u>	<u>19,874</u>
<b>Represented by :</b>		
Cash and bank balances	16,742	19,874
	<u>16,742</u>	<u>19,874</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 March 2017 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 QUARTER ENDED 30 JUNE 2017**

	<----- Attributable to equity holders of the Company ----->					Total	Non- controlling interests	Total Equity
	<----- Non-distributable ----->			<Distributable>				
	Share Capital	Share Premium	Warrants Reserve	Other Reserves	Accumulated Losses			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 April 2017	149,083	-	9,503	(13,738)	(12,472)	132,376	241	<b>132,617</b>
Profit for the period	-	-	-	-	215	215	(42)	<b>173</b>
<b>Balance as at 30 June 2017</b>	<b>149,083</b>	<b>-</b>	<b>9,503</b>	<b>(13,738)</b>	<b>(12,257)</b>	<b>132,591</b>	<b>199</b>	<b>132,790</b>
Balance as at 1 April 2016	149,083	1	9,503	(13,738)	(15,304)	129,545	204	<b>129,749</b>
Profit for the period	-	-	-	-	108	108	(85)	<b>23</b>
<b>Balance as at 30 June 2016</b>	<b>149,083</b>	<b>1</b>	<b>9,503</b>	<b>(13,738)</b>	<b>(15,196)</b>	<b>129,653</b>	<b>119</b>	<b>129,772</b>

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 March 2017 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 ("FPE") 31 March 2017 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 April 2017. 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 March 2017.

**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) Automation systems comprising RFID, access control systems, building automation system and industrial security system

<b>Quarter Ended 30 June 2017</b>	<b>ICT Services RM'000</b>	<b>Software Solutions RM'000</b>	<b>Automation Systems RM'000</b>	<b>Elimi- nations RM'000</b>	<b>Consoli- dated RM'000</b>
Revenue from external customers	1,024	1,980	1,042	-	4,046
Cost of sales	(423)	(677)	(598)	-	(1,698)
Segment profit	601	1,303	444	-	2,348
Share of associate's results					1,335
Profit before taxation					173
Income tax expenses					-
<b>Profit after tax</b>					173
Other comprehensive income					-
<b>Total Comprehensive Income</b>					173

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 2017.

**A12. Capital Expenditure**

There was no major addition and disposal of the property, plant and equipment during the current financial quarter under review and financial year-to-date.

**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 March 2017.

**A15. Subsequent material events**

There are no material events subsequent to the financial period ended 30 June 2017 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**

	Individual Period				Cumulative Period			
	1st quarter							
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-Date	Preceding Year Corresponding Period	Changes	
30.06.17 (RM'000)	30.06.16 (RM'000)	(RM'000)	(%)	30.06.17 (RM'000)	30.06.16 (RM'000)	(RM'000)	(%)	
Revenue	4,046	8,227	(4,181)	(50.8)	4,046	8,227	(4,181)	(50.8)
Operating Loss	(1,139)	(1,576)	437	(27.7)	(1,139)	(1,576)	437	(27.7)
Share of associate's results	1,335	1,627	(292)	(17.9)	1,335	1,627	(292)	(17.9)
Profit before tax	173	24	149	620.8	173	24	149	620.8
Profit after tax	173	23	150	652.2	173	23	150	652.2
Profit attributable to Equity holders of the Company	215	108	107	99.1	215	108	107	99.1

For the current financial quarter ended 30 June 2017, the Group recorded revenue of RM4.046 million and profit before tax of RM0.173 million.

ICT services segment contributed RM1.024 million in revenue, or approximately 25.3% of the total revenue, while Software Solutions contributed RM1.980 million (48.9%) and Automation Systems contributed RM1.042 million (25.8%). The ICT services segment recorded the biggest decrease amongst the segments of RM4.741 million as compared to the same financial quarter last year, mainly due to different billing milestones achieved for during the respective quarter. Notwithstanding the decrease in revenue, the Group recorded higher profit before tax for the current financial quarter, due to lower cost of sales as the revenue for the current financial quarter comprised mainly of training and services, and hence did not require high external input/costs.

**Revenue by segment :**

	Current financial quarter ended 30 June 2017 (RM'000)	Preceding financial quarter ended 30 June 2016 (RM'000)	Current financial Year-to-date 30 June 2017 (RM'000)	Preceding financial Year-to-date 30 June 2016 (RM'000)
ICT Services	1,024	5,765	1,024	5,765
Software Solutions	1,980	1,264	1,980	1,264
Automation Systems	1,042	1,198	1,042	1,198

### **ICT Services Segment**

For current financial quarter, the ICT services segment recorded decrease in revenue of RM4.741 million as compared to the previous corresponding financial quarter. The decrease is due mainly to different billing milestones achieved for during the respective quarter.

### **Software Solutions Segment**

For current financial quarter, the Software Solutions segment recorded increase in revenue of RM0.716 million as compared to the previous corresponding financial quarter. The increase was due to higher number of deliverables and billings during the current financial quarter.

### **Automation Systems Segment**

For current financial quarter, the Automation Systems segment recorded decrease in revenue of RM0.156 million as compared to the previous corresponding financial quarter, which was due to the lower billings under the building automation sub-segment.

## **B2. Comparison to the results of the preceding quarter**

	Current Year Quarter 30.06.17 (RM'000)	Immediate Preceding Quarter 31.03.17 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	4,046	15,535	(11,489)	(74.0)
Operating (Loss) / Profit	(1,139)	1,827	(2,966)	(162.3)
Share of associate's results	1,335	2,083	(748)	(35.9)
Profit before tax	173	3,800	(3,627)	(95.4)
Profit after tax	173	3,095	(2,922)	(94.4)
Profit attributable to Equity holders of the Company	215	3,079	(2,864)	(93.0)

Compared to the preceding financial quarter, the decrease in revenue is mainly due to higher deliverables and completion of projects in the immediate preceding quarter ended 31 March 2017, across all segments of the Group. As the Group continue to work on and complete its remaining projects in hand, the Group is also waiting for several new projects to be awarded and to commence work.

## **B3. Prospects for 2017/2018**

The outlook for the ICT market is still very uncertain as there is no discernible pattern on the spending by both the public and private sectors. For the Group, we are currently bidding for projects with an aggregated value of approximately RM96 million, with our chances of winning ranging from 10% to 90%. This is a constantly revolving amount as the tender bids/discussions are lost and/or dropped during year and be replaced with new tenders and project targets.

#### **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**

	<b>Current Quarter Ended 30 June 2017 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2017 RM'000</b>
Current tax	-	-
	<hr/>	<hr/>
	-	-

For the current financial quarter and cumulative financial quarter, the effective tax rate of the Group is Nil for the current financial and cumulative quarter respectively as the subsidiary companies in the Group are in tax loss position.

#### **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 20 March 2017, RHB Investment Bank Berhad announced on behalf of the Board of Directors of the Company that the Company after having taking into consideration the relevant provisions under the Companies Act, 2016 ("CA 2016") which had come into effect on 31 January 2017 including, amongst others, the abolishment of par value regime, the Board had deliberated and decided to revise the earlier proposals announced on 25 January 2017 to the following proposals:-

- a) A capital reduction exercise via the reduction and cancellation of the share capital of EAH which is lost or unrepresented by available assets to the extent of RM44,615,533 as at 31 December 2016 pursuant to Section 115(a) read with Section 116 of the CA 2016 ("Proposed Capital Reduction"); and
- b) A renounceable rights issue of up to 2,524,354,400 new ordinary shares in EAH ("EAH Share(s)") ("Rights Share(s)") at an indicative issue price of RM0.01 per Rights Share on the basis of four (4) Rights Shares for every three (3) existing EAH Shares held, together with up to 1,262,177,200 free detachable warrants in EAH ("Warrant(s) D") on the basis of two (2) free Warrants D for every four (4) Rights Shares subscribed for, on an entitlement date to be determined later after the Proposed Capital Reduction ("Proposed Rights Issue with Warrants").

**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 June 2017 are as follows:-

<b>Purposes</b>	<b>Proposed Utilisation RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Deviation RM'000</b>	<b>Intended Timeframe for Utilisation</b>	<b>Explanation</b>
Future viable investments	30,000	19,000	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 completion	Being the additional rights issue expenses of RM176,000 incurred
Rights Issue expenses	800	976	-	(176)	Upon completion	
<b>Total</b>	<b>42,518</b>	<b>31,518</b>	<b>11,000</b>	<b>-</b>		

## B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 June 2017 and the preceding year corresponding quarter ended 30 June 2016, is as follows :-

	<b>Quarter Ended 30 June 2017 (RM'000)</b>	<b>Quarter Ended 30 June 2016 (RM'000)</b>
<b>Total accumulated loss of the Group</b>		
- Realised	(27,648)	(28,810)
- Unrealised	(125)	(125)
	<u>(27,773)</u>	<u>(28,935)</u>
Total share of retained earnings from associate :		
- Realised	10,158	11,493
	<u>(17,615)</u>	<u>(17,442)</u>
Less : Consolidation adjustments	5,143	5,185
<b>Total Group accumulated loss as per consolidated accounts</b>	<u><u>(12,472)</u></u>	<u><u>(12,257)</u></u>

## B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2017 are as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
<b><u>Secured</u></b>		
Bill payables	1,775	-
Term Loans	83	1,841
Hire Purchase Creditors	53	682
	<u>1,911</u>	<u>2,523</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**

	<b>Current Quarter Ended 30 June 2017 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2017 RM'000</b>
This is arrived at after (charging) /crediting:-		
Interest income	14	14
Interest expenses	(23)	(23)
Depreciation and amortization	(555)	(555)

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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 30 June 2017</b>	<b>Preceding Year Corresponding Quarter 30 June 2016</b>	<b>Current Year-To-Date 30 June 2017</b>	<b>Preceding Year Corresponding Period 30 June 2016</b>
Profit attributable to the equity holders of the Company (RM'000)	215	108	215	108
Weighted average number of shares in issue ('000)	1,490,828	1,490,828	1,490,828	1,490,828
Basic earnings per share (sen)	0.01	0.01	0.01	0.01

(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 2017