

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 March 2014	Preceding year corresponding quarter 31 March 2013	Current year to date 31 March 2014	Preceding year corresponding period 31 March 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	12,049	11,284	12,049	11,284
Cost of Sales	<u>(7,263)</u>	<u>(6,141)</u>	<u>(7,263)</u>	<u>(6,141)</u>
Gross Profit	4,786	5,143	4,786	5,143
Other Operating Income	14	25	14	25
Operating Expenses	(2,541)	(3,138)	(2,541)	(3,138)
Depreciation and amortization	<u>(122)</u>	<u>(174)</u>	<u>(122)</u>	<u>(174)</u>
Operating Profit	2,137	1,856	2,137	1,856
Finance cost	<u>(163)</u>	<u>(148)</u>	<u>(163)</u>	<u>(148)</u>
Profit Before Tax	1,974	1,708	1,974	1,708
Taxation	<u>(164)</u>	<u>-</u>	<u>(164)</u>	<u>-</u>
Profit After Tax	1,810	1,708	1,810	1,708
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>1,810</u>	<u>1,708</u>	<u>1,810</u>	<u>1,708</u>
Profit attributable to :				
Equity holders of the Company	1,767	1,491	1,767	1,491
Non-controlling interests	<u>43</u>	<u>217</u>	<u>43</u>	<u>217</u>
	<u>1,810</u>	<u>1,708</u>	<u>1,810</u>	<u>1,708</u>
Total comprehensive income attributable to :				
Equity holders of the Company	1,767	1,491	1,767	1,491
Non-controlling interests	<u>43</u>	<u>217</u>	<u>43</u>	<u>217</u>
	<u>1,810</u>	<u>1,708</u>	<u>1,810</u>	<u>1,708</u>
Weighted average no. of ordinary shares in issue ('000)	425,177	425,177	425,177	425,177
Earnings per share (sen):-				
a) Basic	0.42	0.35	0.42	0.35

(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 MARCH 2014**

	As at 31 March 2014 (Unaudited) RM'000	As at 31 December 2013 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,185	1,306
Intangible Assets - Goodwill on consolidation	19,675	19,675
Intangible Assets - R&D expenditure	10,308	10,097
	<u>31,168</u>	<u>31,078</u>
Current assets		
Inventories	264	194
Receivables	44,362	48,915
Fixed Deposits with licensed banks	2,838	2,470
Cash And Cash Equivalents	4,421	6,848
	<u>51,885</u>	<u>58,427</u>
Total Assets	<u><u>83,053</u></u>	<u><u>89,505</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	42,518	42,518
Share premium	9,095	9,312
Warrants reserve	6,120	6,120
Other reserve	(13,738)	(13,738)
Retained profits	26,696	24,929
	<u>70,691</u>	<u>69,141</u>
Non-controlling interests	2,277	2,234
Total equity	<u><u>72,968</u></u>	<u><u>71,375</u></u>
Non-current liabilities		
Hire purchase creditors	936	999
Deferred tax liabilities	49	49
	<u>985</u>	<u>1,048</u>
Current liabilities		
Payables	3,346	11,246
Hire purchase creditors	263	265
Bills payables	1,818	2,626
Amount due to director	-	10
Bank overdrafts	2,470	1,886
Provision for taxation	1,203	1,049
	<u>9,100</u>	<u>17,082</u>
Total liabilities	<u><u>10,085</u></u>	<u><u>18,130</u></u>
Total equity and liabilities	<u><u>83,053</u></u>	<u><u>89,505</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.17</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 FIRST QUARTER ENDED 31 MARCH 2014

	Current year to date 31 March 2014 (Unaudited) RM'000	Preceding year corresponding period 31 March 2013 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	1,974	1,708
Adjustments for :-		
Depreciation and amortization	122	174
Interest expenses	163	148
Interest income	(14)	(25)
	<u>271</u>	<u>297</u>
Operating profit before working capital changes	2,245	2,005
Changes in working capital		
Net change in directors	(10)	-
Net change in inventories	(70)	(229)
Net change in trade and other receivables	4,553	(1,404)
Net change in trade and other payables	(7,900)	282
Net cash from operations	(1,182)	654
Interest received	14	25
Interest paid	(163)	(148)
Tax paid	-	(25)
Net cash used in operating activities	(1,331)	506
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(271)	(377)
Purchase of plant and equipment	-	(4)
Listing expenses paid	(169)	-
Placement of fixed deposits	(368)	110
Net cash used in investing activities	(808)	(271)
CASH FLOW FROM FINANCING ACTIVITIES		
Hire Purchase	(65)	(682)
Bills payable	(808)	(894)
Net cash generated from financing activities	(873)	(1,576)
Net Change in Cash and Cash Equivalents	(3,012)	(1,341)
Cash and Cash Equivalents at beginning of the period	4,963	3,836
Cash and Cash Equivalents at end of the period	<u>1,951</u>	<u>2,495</u>
Represented by :		
Cash and bank balances	4,421	4,376
Bank overdrafts	(2,470)	(1,881)
	<u>1,951</u>	<u>2,495</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 FIRST QUARTER ENDED 31 MARCH 2014**

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests	Total Equity
	<----- Non-distributable ----->				<Distributable>			
	Share Capital	Share Premium	Warrants Reserve	Other Reserve	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 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
As at preceding year corresponding quarter 31 March 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	-	-	-	-	1,491	1,491	217	1,708
Balance as at 31 March 2013	42,518	9,312	6,120	(13,738)	17,435	61,647	2,180	63,827

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:-

- 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 March 2014, no Warrants B 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 March 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	8,412	3,232	404	-	12,049
Cost of sales	(6,477)	(687)	(99)	-	(7,263)
Segment profit	1,935	2,545	305	-	4,786
Profit before taxation					1,974
Income tax expenses					(164)
Profit after tax					1,810
Other comprehensive income					-
Total Comprehensive Income					1,810

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 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 March 2014 RM'000	Cumulative Year-to-Date 31 March 2014 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 2013.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 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 March 2014, the Group recorded revenue of RM12.049 million and profit before tax of RM1.974 million.

Compared to the previous corresponding financial quarter, the Group recorded increases of RM0.765 million in revenue and RM0.266 million in profit before tax. The increases in revenue and profit before tax are mainly attributable to the increase in progress billings under ICT services segment for the current projects undertaken for a federal statutory body.

Revenue by segment :

	Current financial quarter ended 31 March 2014 (RM'000)	Preceding financial quarter ended 31 March 2013 (RM'000)	Current Financial Year-to-date 31 March 2014 (RM'000)	Preceding Financial Year-to-date 31 March 2013 (RM'000)
ICT Services	8,412	4,162	8,412	4,162
Software Solutions	3,232	6,593	3,232	6,593
RFID, ACS & BAS	404	529	404	529

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded increase in revenue of RM4.250 million as compared to the same period in the preceding year. The increase in revenue is mainly due to the progress billing progress billings for the current projects undertaken for a federal statutory body.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded decrease in revenue of RM3.232 million as compared to the same period 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 RM0.125 million as compared to the same period in the preceding year respectively. The decrease in revenue is due to lower amount of projects completed and billed.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 March 2014 RM'000	Preceding Quarter 31 December 2013 RM'000
Revenue	12,049	23,444
Profit before tax	1,974	1,837

Compared to the preceding financial quarter, the Group recorded a decrease in revenue of RM11.395 million, mainly attributable to lower billings as the first few months of the calendar year are generally sluggish due to the numerous long public holidays. Profit before tax increased by RM 0.137 million mainly due to the lower composition of external costs such as hardware and third party software used in the stages of projects completed during the current financial quarter.

B3. Prospects for 2014

The ICT sector will continue to be a key focus for Malaysia and is expected to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to gross domestic product is targeted to increase to 10.2% by 2015. Greater use of ICT will not only support the growth of the sector but also boost productivity and raise the nation's overall competitiveness. However, to achieve growth, Malaysia needs to shift from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and progress from a net importer to a net exporter. Issues of lack of product acceptability, weak product branding and lack of cross-discipline expertise will be addressed.

(Source: Economic Planning Unit – 10th Malaysian Plan)

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 2014 RM'000	Cumulative Year-to-Date 31 March 2014 RM'000
Current tax	164	164
	<hr/>	<hr/>
	164	164

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. This has resulted in an effective tax rate of the Group of 8.3% for both the current financial and cumulative quarter.

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 17 March 2014, on behalf of the Board of Directors of EAH ("Board"), RHB Investment Bank Berhad announced that the Company proposes to undertake the following:-

- (i) A renounceable rights issue of up to 635,910,916 Rights Shares on the basis of one (1) Rights Share for every one (1) existing EAH Share held, together with up to 317,955,458 free detachable Warrants C on the basis of one (1) free Warrant C for every two (2) Rights Shares subscribed for, on an entitlement date to be determined later ("Rights Issue");
- (ii) An increase in the authorised share capital of EAH from RM100,000,000 comprising 1,000,000,000 EAH Shares to RM250,000,000 comprising 2,500,000,000 EAH Shares; and;
- (iii) An amendment to the Memorandum of Association of EAH.

The abovementioned proposals were approved by the shareholders of the Company in an Extraordinary General Meeting held on 29 April 2014.

On the 9 May 2014, the Company announced that the entitlement date for the Rights Issue would be 26 May 2014.

B7. Status of utilisation of proceeds

As at the date of this report, the Company has fully utilized the proceeds raised from all its fund raising activities.

B8. Realised and Unrealised Profits

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

	Group Quarter Ended 31 March 2014 RM'000	Group Quarter Ended 31 March 2013 RM'000
Total retained profits of the Group:		
- Realised	37,972	28,634
- Unrealised (in respect of deferred tax recognised in the income statement)	(49)	(68)
	<hr/>	<hr/>
	37,923	28,566
Less : Consolidation adjustments	(11,227)	(11,131)
Total Group retained profits as per consolidated accounts	<hr/> <hr/>	<hr/> <hr/>
	26,696	17,435
	Company Quarter Ended 31 March 2014 RM'000	Company Quarter Ended 31 March 2013 RM'000
Total retained profits of the Company :		
- Realised	840	1,597
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<hr/> <hr/>	<hr/> <hr/>
	840	1,597

B9. Group borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Hire Purchase Creditors	263	936
Bills Payables	1,818	-
Bank overdrafts	2,470	-
	<hr/>	<hr/>
	4,551	936
	<hr/> <hr/>	<hr/> <hr/>

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 2014 RM'000	Cumulative Year-to-Date 31 March 2014 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	14	14
Interest expenses	(163)	(163)
Depreciation and amortization	(122)	(122)

Other disclosure items pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Securities are not applicable.

B13. Earnings per share**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Earnings Per Share	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Profit attributable to the equity holders of the Company (RM'000)	1,767	1,491	1,767	1,491

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Earnings Per Share	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Weighted average number of shares in issue ('000)	425,177	425,177	425,177	425,177
Basic earnings per share (sen)	0.42	0.35	0.42	0.35

(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 May 2014