

## EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2016

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 June 2016  RM'000	Preceding year corresponding quarter 30 June 2015  RM'000	Current year to date 30 June 2016  RM'000	Preceding year corresponding period 30 June 2015  RM'000
<b>Revenue</b>	8,227	N/A	8,227	N/A
Cost of Sales	<u>(6,420)</u>	<u>N/A</u>	<u>(6,420)</u>	<u>N/A</u>
<b>Gross Profit</b>	1,807	N/A	1,807	N/A
Other Operating Income	69	N/A	69	N/A
Operating Expenses	(2,868)	N/A	(2,868)	N/A
Depreciation and amortization	<u>(584)</u>	<u>N/A</u>	<u>(584)</u>	<u>N/A</u>
Operating Profit	(1,576)	N/A	(1,576)	N/A
Share of associate's results	1,627	N/A	1,627	N/A
Finance cost	<u>(27)</u>	<u>N/A</u>	<u>(27)</u>	<u>N/A</u>
<b>Profit/(Loss) Before Tax</b>	24	N/A	24	N/A
Taxation	<u>(1)</u>	<u>N/A</u>	<u>(1)</u>	<u>N/A</u>
<b>Profit/(Loss) After Tax</b>	23	N/A	23	N/A
Other comprehensive income	-	N/A	-	N/A
<b>Total comprehensive income/(loss)</b>	<u><b>23</b></u>	<u><b>N/A</b></u>	<u><b>23</b></u>	<u><b>N/A</b></u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	108	N/A	108	N/A
Non-controlling interests	<u>(85)</u>	<u>N/A</u>	<u>(85)</u>	<u>N/A</u>
	<u><b>23</b></u>	<u><b>N/A</b></u>	<u><b>23</b></u>	<u><b>N/A</b></u>
<b>Total comprehensive (loss)/income attributable to :</b>				
Equity holders of the Company	108	N/A	108	N/A
Non-controlling interests	<u>(85)</u>	<u>N/A</u>	<u>(85)</u>	<u>N/A</u>
	<u><b>23</b></u>	<u><b>N/A</b></u>	<u><b>23</b></u>	<u><b>N/A</b></u>
Weighted average no. of ordinary shares in issue ('000)	1,490,828	N/A	1,490,828	N/A
Earnings/(Loss) per share (sen):-				
a) Basic	0.01	N/A	0.01	N/A

^ As at 30 June 2016, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM8.134 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 2016 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 2016**

	As at 30 June 2016 (Unaudited) RM'000	As at 31 March 2016 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,192	7,536
Investment in Associate Company	51,146	49,519
Intangible Assets - Goodwill on consolidation	13,394	13,394
Intangible Assets - Intellectual Property Rights	3,150	3,194
Intangible Assets - R&D expenditure	5,974	6,186
	<u>80,856</u>	<u>79,829</u>
<b>Current assets</b>		
Inventories	1,737	867
Receivables	29,486	34,217
Amount owing by Associate Company	551	4,551
Fixed Deposits with licensed banks	3,570	3,569
Cash And Cash Equivalents	19,874	15,868
	<u>55,218</u>	<u>59,072</u>
<b>Total Assets</b>	<u>136,074</u>	<u>138,901</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	149,083	149,083
Share premium	1	1
Warrants reserve	9,503	9,503
Other reserve	(13,738)	(13,738)
Retained profits	(15,196)	(15,304)
	<u>129,653</u>	<u>129,545</u>
Non-controlling interests	119	204
<b>Total equity</b>	<u>129,772</u>	<u>129,749</u>
<b>Non-current liabilities</b>		
Hire purchase creditors	729	728
Term loans	1,919	1,954
Deferred tax liabilities	239	239
	<u>2,887</u>	<u>2,921</u>
<b>Current liabilities</b>		
Payables	1,195	2,998
Hire purchase creditors	258	343
Bills payables	906	1,556
Amount due to director	12	12
Bank overdraft	-	-
Term loans	114	105
Provision for taxation	930	1,217
	<u>3,415</u>	<u>6,231</u>
<b>Total liabilities</b>	<u>6,302</u>	<u>9,152</u>
<b>Total equity and liabilities</b>	<u>136,074</u>	<u>138,901</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 FPE 31 March 2016 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 2016**

	Current year to date 30 June 2015 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit Before Taxation	24
Adjustments for :-	
Depreciation and amortization	584
Share of associate's results	(1,627)
Interest expenses	27
Interest income	(19)
	<u>(1,035)</u>
<b>Operating profit before working capital changes</b>	<b>(1,011)</b>
Changes in working capital	
Net change in directors	-
Net change in associate company	4,000
Net change in inventories	(870)
Net change in trade and other receivables	4,731
Net change in trade and other payables	(1,803)
<b>Net cash from operations</b>	<b>5,047</b>
Interest received	19
Interest paid	(27)
Tax paid	(288)
<b>Net cash used in operating activities</b>	<b>4,751</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Disposal of plant and equipment	16
Placement of fixed deposits	(1)
<b>Net cash used in investing activities</b>	<b>15</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Term loans	(26)
Hire Purchase	(84)
Bills payable	(650)
<b>Net cash generated from financing activities</b>	<b>(760)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>4,006</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>15,868</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>19,874</b>
<b>Represented by :</b>	
Cash and bank balances	19,874
Bank overdrafts	-
	<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 FPE 31 March 2016 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 2016**

	<----- 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 April 2016	149,083	1	9,503	(13,738)	(15,304)	129,545	204	<b>129,749</b>
Investment in associate company	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-
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>
Balance as at 1 January 2015	85,035	8,072	15,623	(13,738)	20,007	114,999	2,361	<b>117,360</b>
Investment in associate company	47,040	-	-	-	-	47,040	-	<b>47,040</b>
Bonus Issue	17,007	(8,072)	-	-	(9,880)	(945)	-	<b>(945)</b>
Exercise of warrants	-^	1	-	-	-	1	-	<b>1</b>
Warrants lapsed	-	-	(6,120)	-	6,120	-	-	-
Profit for the period	-	-	-	-	(31,551)	(31,551)	(2,156)	<b>(33,707)</b>
<b>Balance as at 31 March 2016</b>	<b>149,082</b>	<b>1</b>	<b>9,503</b>	<b>(13,738)</b>	<b>(15,304)</b>	<b>129,544</b>	<b>205</b>	<b>129,749</b>

^ Less than RM1,000

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FPE 31 March 2016 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. Change of Financial Year End**

The Group has changed its financial year end from 31 December to 31 March effective from the financial period ended 31 March 2016.

The current financial period under review covers three (3) months period from 1 April 2016 to 30 June 2016 and represents the first period subsequent to the change of the Group's financial year end. Accordingly, no comparative results and cash flow are presented.

##### **A2. 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 Period Ended ("FPE") 31 March 2016 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").

##### **A3. 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 April 2016. 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.

**A4. 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 FPE 31 March 2016.

**A5. Seasonal or cyclical factors**

The business operations within the industry are not affected by seasonal and cyclical factors.

**A6. 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.

**A7. 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.

**A8. 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.

**A9. Dividend paid**

There was no dividend paid nor declared during the financial year-to-date.

**A10. 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 2016</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	5,765	1,264	1,198	-	8,227
Cost of sales	(5,129)	(722)	(569)	-	(6,420)
Segment profit	636	542	629	-	1,807
Share of associate's results					1,627
Profit before taxation					24
Income tax expenses					(1)
<b>Profit after tax</b>					23
Other comprehensive income					-
<b>Total Comprehensive Income</b>					23

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.

#### **A11. 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.

#### **A12. Capital commitments**

There are no material capital commitments in respect of property, plant and equipment as at 30 June 2016.

### **A13. 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:-

	<b>Current Quarter Ended 30 June 2016 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2016 RM'000</b>
Property, plant & equipment: Disposal	<u>(16)</u>	<u>(16)</u>

### **A14. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review.

### **A15. 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 FPE 31 March 2016.

### **A16. Subsequent material events**

There are no material events subsequent to the financial period ended 30 June 2016 that has not been reflected in this interim financial report.

### **A17. 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 June 2016, the Group recorded revenue of RM8.227 million and profit before tax of RM0.002 million.

Compared to the previous corresponding financial quarter, the Group recorded increase of RM2.646 million in revenue and managed to turn around its losses in the previous corresponding financial quarter to a small profit before tax of RM24,000, aided by the share of its associate profit amounting to RM1.627 million. The ICT Services segment contributed RM5.765 million in revenue, or approximately 70.1% of the total revenue. Despite a slight improvement in the market condition for ICT where there are now more projects available compared to 12 months ago, the industry remains challenging due to the presence more and new competitors, lower margin and higher cost, especially for skilled knowledge workers.

#### **Revenue by segment :**

	Current financial quarter ended 30 June 2016 (RM'000)	Preceding financial quarter ended 30 June 2015 (RM'000)	Current Financial Year-to-date 30 June 2016 (RM'000)	Preceding Financial Year-to-date 30 June 2015 (RM'000)
ICT Services	5,765	3,043	5,765	N/A
Software Solutions	1,264	1,962	1,264	N/A
Automation systems	1,198	576	1,198	N/A

#### **ICT Services Segment**

For current financial quarter, the ICT services segment recorded increase in revenue of RM2.722 million as compared to the previous corresponding financial quarter. This increase was attributable the commencement of new projects during the current financial quarter.

#### **Software Solutions Segment**

For current financial quarter, the Software Solutions segment recorded decrease in revenue of RM0.698 million as compared to the previous corresponding financial quarter. This decrease was due to lack of new projects during the current financial quarter.

#### **Automation Systems Segment**

The Automation Systems segment comprised 4 sub-segments, namely, RFID, Access Control Systems, Building Automation Systems and Industrial Security Division. The Industrial Security Division was newly set-up in 2015 and is primarily involved in the sales, support and maintenance of industry-grade and enterprise-level security solutions for

large infrastructures such as office buildings, warehouses and factories. The operations of the sub-segments are carried out under EA MSC Sdn. Bhd., a wholly owned subsidiary company of the Group. For current financial quarter, the Automation Systems segment recorded increase in revenue of RM0.622 million as compared to the previous corresponding financial quarter, which was largely attributable to the increase sales from the new sub-segment.

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

	<b>Current Quarter 30 June 2016 RM'000</b>	<b>Preceding Quarter 31 March 2016 RM'000</b>
Revenue	8,227	13,111
Profit/(Loss)	24	(25,270)

Compared to the preceding financial quarter, the Group recorded decrease in revenue of RM4.884 million. However, the Group managed to reverse the loss before tax recorded in the preceding quarter to a small profit of RM0.002 million. The decrease in revenue is mainly due to the decrease billing from the ICT services segment. The higher net profit margin for the current quarter is largely attributable to higher share of profit from the associate company.

## **B3. Prospects for 2016/2017**

The ICT industry is showing signs of improvement based on the higher availability of projects available for tender, as compared to previous years. However, generally, the market is still soft and very challenging as most of the projects available are of smaller values with most tenders valued between RM1 million to RM10 million. Tenders for project values above RM10 million, were few and far between.

To mitigate these challenging conditions, the Group has embarked on a diversification strategy by firstly acquiring a 20% stake in Cekap Air Sdn Bhd (“Cekap Air”) in 2015. This acquisition came with a profit guarantee of RM56 million for 2015 and 2016. EAH’s share of this profit guarantee would amount to RM11.2 million.

Secondly, the Group had also started a new division in 2015, namely the Industrial Security Division (“ISD”), for the sales, support and maintenance of industry-grade and enterprise-level security solutions for large infrastructures such as office buildings, warehouses and factories. The revenue from this new division is largely responsible for the better performance for the Automation Systems Segment.

The Group believes that these new income streams would enable the Group to lessen its dependence on the soft ICT market while at the same time, broaden its earning base by participating in more robust and strong growth businesses such as mechanical and electrical engineering (M&E) industry (via Cekap Air and ISD) and project management consultancy (via Cekap Air).

Going forward, the Group would continue to actively search for potential companies and businesses that would add value to the Company and broaden its business scope as it seeks to mitigate the uncertainty for the ICT market.

#### **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 2016 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2016 RM'000</b>
Current tax	1	1
	<u>1</u>	<u>1</u>

For the current financial quarter and cumulative financial quarter, the effective tax rate of the Group is 4.2% nil for both the current financial and cumulative quarter respectively as some of the subsidiary companies enjoying tax breaks under the Pioneer Status.

#### **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 June 2016 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	18,000	11,000	-	Within 24 months from completion	
Repayment of borrowings	4,290	4,290	-	-	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	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 2016 and the preceding year corresponding quarter ended 30 June 2015, is as follows :-

	Group Quarter Ended 30 June 2016 RM'000	Group Quarter Ended 30 June 2015 RM'000
Total retained profits of the Group:		
- Realised	(36,750)	31,262
- Unrealised (in respect of deferred tax recognised in the income statement)	(239)	(405)
	<hr/>	<hr/>
	(36,989)	30,857
Less : Consolidation adjustments	21,686	(13,171)
Total Group retained profits as per consolidated accounts	<hr/> <hr/>	<hr/> <hr/>
	(15,303)	17,686

#### B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2016 are as follows:-

	Short Term RM'000	Long Term RM'000
<b><u>Secured</u></b>		
Bill payables	906	-
Term Loans	114	1,919
Hire Purchase Creditors	258	729
	<hr/>	<hr/>
	1,278	2,648

**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 2016 RM'000</b>	<b>Cumulative Year-to-Date 30 June 2016 RM'000</b>
This is arrived at after (charging) /crediting:-		
Interest income	19	19
Interest expenses	(27)	(27)
Depreciation and amortization	(584)	(584)

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 2016</b>	<b>Preceding Year Corresponding Quarter 30 June 2015</b>	<b>Current Year-To-Date  30 June 2016</b>	<b>Preceding Year Corresponding Period 30 June 2015</b>
Profit attributable to the equity holders of the Company (RM'000)	108	N/A	108	N/A
Weighted average number of shares in issue ('000)	1,490,828	N/A	1,490,828	N/A
Basic earnings per share (sen)	0.01	N/A	0.01	N/A

(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 2016