

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2017

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 31 December 2017	Preceding year corresponding quarter 31 December 2016	Current year to date 31 December 2017	Preceding year corresponding period 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	2,755	10,871	11,377	22,720
Cost of Sales	<u>(2,144)</u>	<u>(8,566)</u>	<u>(5,855)</u>	<u>(17,784)</u>
Gross Profit	611	2,305	5,522	4,936
Other Operating Income	62	29	174	114
Operating Expenses	(3,046)	(3,142)	(8,989)	(8,983)
Depreciation and amortization	<u>(681)</u>	<u>(525)</u>	<u>(1,637)</u>	<u>(1,699)</u>
Operating Loss	(3,054)	(1,333)	(4,930)	(5,632)
Share of associate's results	765	2,034	3,227	5,951
Finance cost	<u>(92)</u>	<u>(92)</u>	<u>(176)</u>	<u>(212)</u>
Profit/(Loss) Before Tax	(2,381)	609	(1,879)	107
Taxation	<u>144</u>	<u>(32)</u>	<u>-</u>	<u>(34)</u>
Profit/(Loss) After Tax	(2,237)	577	(1,879)	73
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>(2,237)</u>	<u>577</u>	<u>(1,879)</u>	<u>73</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	(2,199)	602	(1,775)	209
Non-controlling interests	<u>(38)</u>	<u>(25)</u>	<u>(104)</u>	<u>(136)</u>
	<u>(2,237)</u>	<u>577</u>	<u>(1,879)</u>	<u>73</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	(2,199)	602	(1,775)	209
Non-controlling interests	<u>(38)</u>	<u>(25)</u>	<u>(104)</u>	<u>(136)</u>
	<u>(2,237)</u>	<u>577</u>	<u>(1,879)</u>	<u>73</u>
Weighted average no. of ordinary shares in issue ('000)	3,199,518	2,650,361	2,834,079	2,650,361
Earnings/(Loss) per share (sen):-				
a) Basic	(0.07)	0.02	(0.06)	0.01

^ As at 31 December 2017, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM16.133 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 31 DECEMBER 2017**

	As at 31 December 2017 (Unaudited) RM'000	As at 31 March 2017 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,753	6,557
Investment in Associate Company	60,425	57,198
Intangible Assets - Goodwill on consolidation	11,877	11,877
Intangible Assets - Intellectual Property Rights	2,888	3,019
Intangible Assets - Development costs	6,237	6,875
	<u>87,180</u>	<u>85,526</u>
Current assets		
Inventories	493	394
Receivables	31,496	33,996
Investment	7,875	-
Amount owing by Associate Company	2,922	1,347
Fixed Deposits with licensed banks	3,753	3,753
Cash And Cash Equivalents	40,713	17,096
	<u>87,252</u>	<u>56,586</u>
Total Assets	<u><u>174,432</u></u>	<u><u>142,112</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	144,223	149,083
Warrants reserve	19,442	9,503
Other reserves	(12,632)	(13,738)
Retained earnings/(Accumulated losses)	18,243	(12,472)
	<u>169,276</u>	<u>132,376</u>
Non-controlling interests	137	241
Total equity	<u><u>169,413</u></u>	<u><u>132,617</u></u>
Non-current liabilities		
Hire purchase creditors	454	613
Term loans	1,731	1,840
Deferred tax liabilities	137	137
	<u>2,322</u>	<u>2,590</u>
Current liabilities		
Payables	1,562	2,743
Hire purchase creditors	183	246
Bills payable	-	2,465
Amount due to director	-	104
Term loans	114	112
Provision for taxation	838	1,235
	<u>2,697</u>	<u>6,905</u>
Total liabilities	<u><u>5,019</u></u>	<u><u>9,495</u></u>
Total equity and liabilities	<u><u>174,432</u></u>	<u><u>142,112</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.05</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 31 DECEMBER 2017**

	Current year to date 31 December 2017 (Unaudited) RM'000	Preceding year corresponding period 31 December 2016 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	(1,879)	107
Adjustments for :-		
Depreciation and amortization	1,637	1,699
Share of associate's results	(3,227)	(5,951)
Interest expenses	176	212
Interest income	(59)	(27)
	<u>(1,473)</u>	<u>(4,067)</u>
Operating profit before working capital changes	(3,352)	(3,960)
Changes in working capital		
Net change in directors	(104)	(12)
Net change in associate company	(1,575)	4,210
Net change in inventories	(99)	(862)
Net change in trade and other receivables	2,500	6,905
Net change in trade and other payables	(1,181)	(1,470)
Net cash from operations	(3,811)	4,811
Interest received	59	27
Interest paid	(176)	(212)
Tax paid	(395)	(398)
Net cash generated from/(used in) operating activities	(4,323)	4,228
CASH FLOW FROM INVESTING ACTIVITIES		
Deposit for acquisition of new subsidiary	(7,875)	-
(Purchase)/Disposal of plant and equipment	(64)	(299)
Net cash generated from/(used in) investing activities	(7,939)	(299)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue	39,755	-
Rights Issue expenses	(1,082)	-
Term loans	(107)	(79)
Hire Purchase	(222)	(8)
Bills payable	(2,465)	22
Net cash generated from/(used in) financing activities	35,879	(65)
Net Change in Cash and Cash Equivalents	23,617	3,864
Cash and Cash Equivalents at beginning of the period	17,096	15,868
Cash and Cash Equivalents at end of the period	40,713	19,732
Represented by :		
Cash and bank balances	40,713	19,732
	<u>40,713</u>	<u>19,732</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 31 DECEMBER 2017

	<----- Attributable to equity holders of the Company ----->						Non-controlling interests	Total Equity
	<----- Non-distributable ----->				<Distributable>			
	Share Capital	Share Premium	Warrants Reserve	Other Reserves	Accumulated Losses	Total		
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	132,617
Share capital reduction on 12 September 2017	(44,616)	-	-	12,126	32,490	-	-	-
Rights Issue	39,756	-	-	(1,081)	-	38,675	-	38,675
Issuance of Warrants D	-	-	9,939	(9,939)	-	-	-	-
Loss for the period	-	-	-	-	(1,775)	(1,775)	(104)	(1,879)
Balance as at 31 December 2017	144,223	-	19,442	(12,632)	18,243	169,276	137	169,413
Balance as at 1 April 2016	149,083	1	9,503	(13,738)	(15,304)	129,545	204	129,749
Loss for the period	-	-	-	-	209	209	(136)	73
Balance as at 31 December 2016	149,083	1	9,503	(13,738)	(15,095)	129,754	68	129,822

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

Save as disclosed below, 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 :-

- 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") was completed on 12 September 2017.
- b) On 1 November 2017, 1,987,770,288 rights shares and 993,885,016 Warrants D were issued pursuant to the renounceable rights issue of up to 2,524,354,400 new ordinary shares in EAH ("EAH Shares") ("Rights Shares") at an issue price of RM0.02 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.
- c) On 1 November 2017, 85,451,758 additional Warrants B and 147,961,232 additional Warrants C were issued pursuant to (b) above.
- d) As at 31 December 2017, the following warrants have not been exercised :-

Warrants B	232,783,944 units
Warrants C	403,067,132 units
Warrants D	993,885,016 units

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

Quarter ended 31 December 2017	ICT Services (RM'000)	Software Solutions (RM'000)	Automation Systems (RM'000)	Eliminations (RM'000)	Consolidated (RM'000)
Revenue from external customers	560	685	1,510	-	2,755
Cost of sales	(471)	(650)	(1,023)	-	(2,144)
Segment profit	89	35	487	-	611
Share of associate's results					765
Loss before taxation					(2,381)
Income tax expenses					144
Loss after tax					(2,237)
Other comprehensive income					-
Total comprehensive income					(2,237)

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 December 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 31 December 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 2nd quarter				Cumulative Period			
	Current Year Quarter 31.12.17 (RM'000)	Preceding Year Corresponding Quarter 31.12.17 (RM'000)	Changes		Current Year To-Date 31.12.17 (RM'000)	Preceding Year Corresponding Period 31.12.17 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	2,755	10,871	(8,116)	(74.7)	11,377	22,720	(11,343)	(49.9)
Operating Loss	(3,054)	(1,333)	(1,721)	129.1	(4,930)	(5,632)	702	(12.5)
Share of associate's results	765	2,034	(1,269)	(62.4)	3,227	5,951	(2,724)	(45.8)
Profit/(Loss) before tax	(2,381)	609	(2,990)	(491.0)	(1,879)	107	(1,986)	(1,856.1)
Profit/(Loss) after tax	(2,237)	577	(2,814)	(487.7)	(1,879)	73	(1,952)	(2,674.0)
Profit/(Loss) attributable to Equity holders of the Company	(2,199)	602	(2,801)	(465.3)	(1,775)	209	(1,984)	(949.3)

For the current financial quarter ended 31 December 2017, the Group recorded revenue of RM2.755 million and loss before tax of RM2.381 million. Compared to the preceding year corresponding quarter, revenue decreased by RM8.116 million. The substantial decrease was mainly attributable to the decrease in ICT Services of RM7.573 million, due to lesser project wins and completed for the current financial quarter compared to previous year. Due to the lower revenue, the Group posted loss before tax of RM 2.381 million due to its overheads, which mainly comprised staff salary and depreciation and amortization charges.

For the current year to date, revenue decreased by RM11.343 million (49.9%) and posted a loss before tax of RM1.879 million. Similarly, the decrease is mainly attributable to the decrease in contribution by the ICT Services segment, due to lower projects wins and completed.

Revenue by segment :

	Individual Period Quarter				Cumulative Period			
	Current Year Quarter 31.12.17 (RM'000)	Preceding Year Corresponding Quarter 31.12.16 (RM'000)	Changes		Current Year To-Date 31.12.17 (RM'000)	Preceding Year Corresponding Period 31.12.16 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
ICT Services	560	8,133	(7,573)	(93.1)	2,709	15,060	(12,351)	(82.0)
Software Solutions	685	2,027	(1,342)	(66.2)	4,529	4,801	(272)	(5.7)
Automation systems	1,510	711	799	112.4	4,139	2,859	1,280	44.8
Total	2,755	10,871	(8,116)	(74.7)	11,377	22,720	(11,343)	(49.9)

ICT Services Segment

For current financial quarter, ICT services contributed 20.3% of the Group's revenue. For the financial-year-to-date, ICT services recorded decrease of RM12.351 million as compared to the same period last year, due to lesser project wins and completed during the

current financial year. The lesser project wins were due to lower number of jobs available in the market and increased competition from new vendors.

Software Solutions Segment

For current financial quarter, Software Solutions contributed 24.9% of the Group's revenue. For the financial-year-to-date, Software Solutions recorded slight decrease in revenue of RM0.272 million as compared to the same period last year, due to different billing milestones.

Automation Systems Segment

For current financial quarter, Automation Systems contributed 54.8% of the Group's revenue. For the financial-year-to-date, Automation Systems recorded increase of RM1.280 million as compared to the same period last year, due to stronger contribution from its intergrated security sub-segment sales.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.12.17 (RM'000)	Immediate Preceding Quarter 30.09.17 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	2,755	4,577	(1,822)	(39.8)
Operating Loss	(3,054)	(737)	(2,317)	314.4
Share of associate's results	765	1,127	(362)	(32.1)
(Loss)/Profit before tax	(2,381)	329	(2,710)	(823.7)
(Loss)/Profit after tax	(2,237)	185	(2,422)	(1,309.2)
Profit attributable to Equity holders of the Company	(2,199)	208	(2,407)	(1,157.2)

Compared to the preceding financial quarter, revenue decreased by RM1.822 million, mainly due to decreases in contribution from the ICT Services and Software Solutions segments. Due to the lower revenue, the Group posted loss before tax of RM 2.381 million due to its overheads, which mainly comprised staff salary and depreciation and amortization charges.

B3. Prospects for 2017/2018

The outlook for the ICT market is still very weak as there is no discernible pattern on the spending by both the public and private sectors. The number of projects available in the market is still low compared to previous years. In addition, competition is much tougher as we noted more companies are vying for the same jobs. It is with this in mind that the Group has proposed the acquisition of Sunland Volonte Sdn Bhd as explained further below under Note B6. The proposed acquisition would allow the Group to diversify into a more stable industry, into a company with strong recurrent income and good cash cashflow.

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 December 2017 RM'000	Cumulative Year-to-Date 31 December 2017 RM'000
Current tax	-	-
	-	-

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 Group is in a 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 14 December 2017, on behalf of the Board of Directors of EAH, UOB Kay Hian Securities (M) Sdn Bhd announced that EAH proposes to undertake the following:-

- (i) bonus issue of up to 1,596,354,405 Warrants in EAH ("Warrant(s) E") on the basis of five (5) free Warrants E for every 16 existing ordinary shares of EAH ("EAH Shares") held by the shareholders of EAH on an entitlement date to be determined later ("Proposed Bonus Issue of Warrants");
- (ii) acquisition of 90.0% equity interest of Sunland Volonte Agency Sdn Bhd ("Sunland"), comprising 225,000 ordinary shares of Sunland from Dato' Cheong Soo Han, Law Kum Wah, Chong Nyet Fan and Goh Swee Sim (collectively referred to as, the "Vendors") for a purchase consideration of RM78,750,000, to be satisfied via a combination of cash payment of RM15,000,000 and the issuance and allotment of 1,593,750,000 new ordinary shares of EAH at the issue price of RM0.04 per EAH Share amounting to RM63,750,000 ("Proposed Acquisition"); and
- (iii) diversification of the existing principal activities of EAH and its subsidiaries to include sales and distributions of packet foods and beverages products ("Proposed Diversification").

B7. Status of utilisation of proceeds

The status of utilisation of the gross proceeds of RM39.755 million from the Rights Issue by the Company as at 31 December 2017 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	15,000	7,875	7,125	-	Within 24 months from completion	
Repayment of borrowings	5,000	1,974	3,026	-	Within 24 months from completion	
Working capital	18,755	2,555	16,200	81	Within 24 months from completion	
Rights Issue expenses	1,000	1,081	-	(81)	Upon completion	Being additional rights issue expenses of RM81,000 incurred
Total	39,755	13,485	26,351	-		

B8. Group borrowings and debt securities

The Group's borrowings as at 31 December 2017 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bills payable	-	-
Term Loans	114	1,731
Hire Purchase Creditors	183	454
	297	2,185

B9. 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.

B10. Dividends

No interim dividends have been declared during the current financial year-to-date.

B11. Profit for the period

	Current Quarter Ended 31 December 2017 RM'000	Cumulative Year-to-Date 31 December 2017 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	22	59
Interest expenses	(92)	(176)
Depreciation and amortization	(681)	(1,637)

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

B12. 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 Period	
		Current Year Quarter 31.12.17	Preceding Year Corresponding Quarter 31.12.16	Current Year To-Date 31.12.17	Preceding Year Corresponding Period 31.12.16
Profit/(Loss) attributable to the equity holders of the Company	(RM'000)	(2,199)	602	(1,775)	209
Weighted average number of shares in issue	('000)	1,490,828	1,490,828	1,490,828	1,490,828
Effect of issuance of shares pursuant to the Right Issues	('000)	1,708,690	1,159,533	1,343,251	1,159,533
Adjusted weighted average number of shares in issue	('000)	3,199,518	2,650,361	2,834,079	2,650,361
Basic earnings/(loss) per share	(Sen)	(0.07)	0.02	(0.06)	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: 28 February 2018