EA Holdings Berhad

ANNUAL REPORT 2013

OUR MISSION STATEMENT

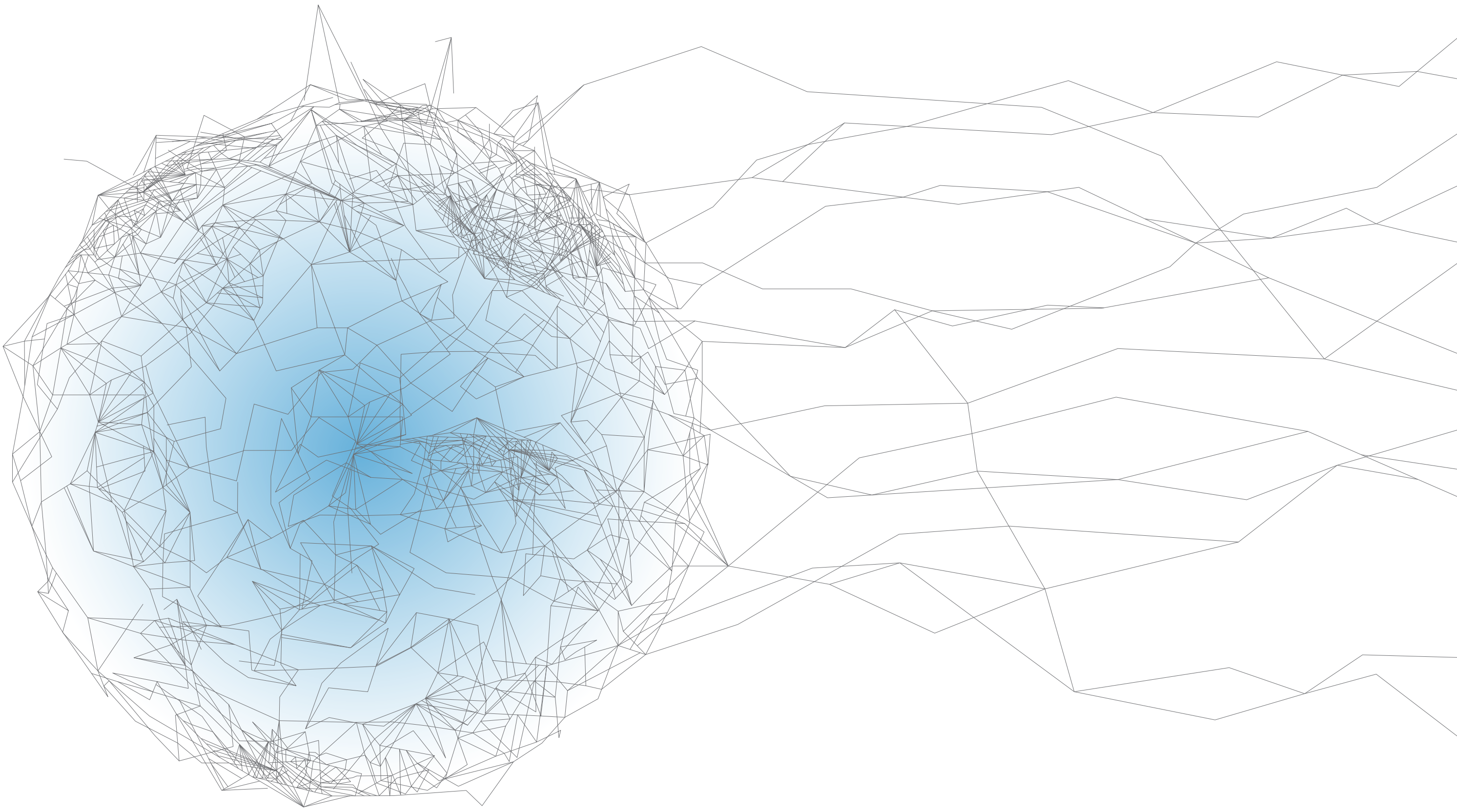
"To become a one-stop ICT business solutions provider by using our extensive ICT experiences to develop Malaysian homegrown business solutions for our customers benefit and achieving their business goals and objective"

OUR PRODUCTS, SERVICES & SOLUTIONS

- Banking Applications
- Business Intelligence & Data Warehousing
- GIS Solution Business
- ICT Consultancy Services
- RFID System For Manufacturing, Security & Building Automation
- System & Infrastructure Integrations
- Enterprise Resource Planning & Human Capital Management Solutions Technology

CONTENTS

FINANCIAL HIGHLIGHTS



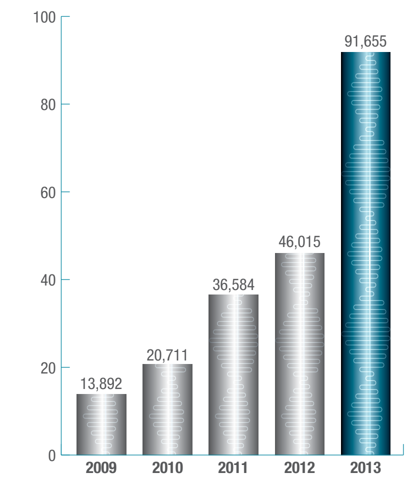
FIVE YEARS GROUP FINANCIAL SUMMARY

(RM'000)	2009 (*)	2010	2011	2012	2013
Financial Results					
Revenue	13,892	20,711	36,584	46,015	91,655
Profit before tax	3,677	4,053	11,958	9,053	9,985
Profit attributable to equity holders	3,641	4,081	8,035	6,095	8,985
Key Balance Sheet Data					
Total Assets	N/A	26,770	65,262	70,597	89,505
Total Liabilities	N/A	3,336	9,729	8,477	18,131
Net assets attributable to equity holders	N/A	23,434	55,533	60,156	69,140
No. of shares in issue at year end	N/A	155,001,000	203,451,000	425,176,500	425,176,500
Share Information					
Basic earnings per share (sen)	N/A	3.35	4.66	1.91	2.11
Net assets per share attributable to equity holders (RM)	N/A	0.15	0.27	0.14	0.16

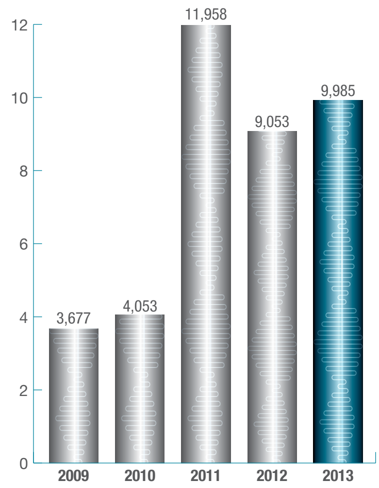
* Based on proforma consolidated accounts of the Group prior to listing and announced previously. The Group was listed on the ACE Market of Bursa Malaysia Securities Berhad on 20 July 2010.

FINANCIAL HIGHLIGHTS
(cont'd)

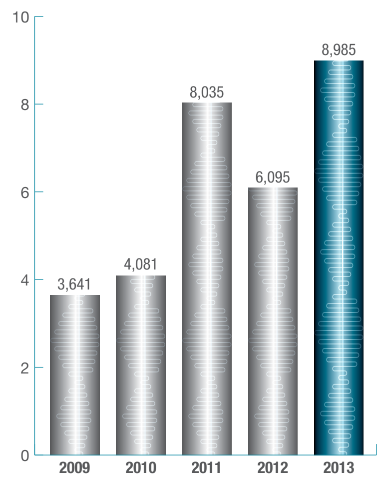
Revenue (RM'000)



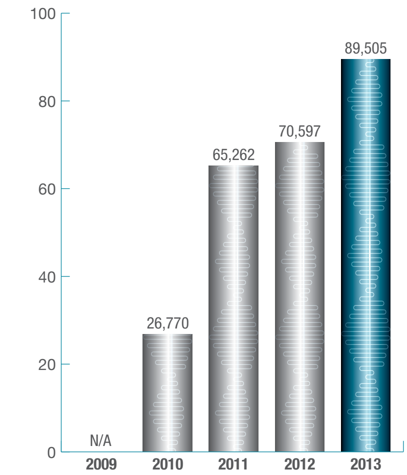
Profit Before Tax (Rm'000)



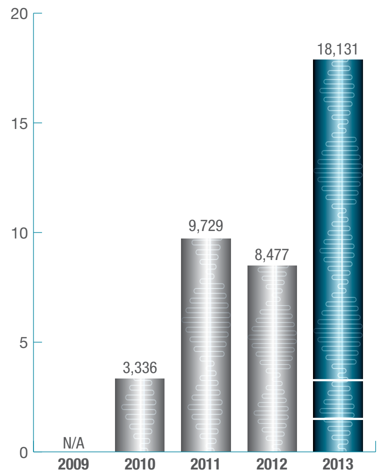
Profit Attributable To Equity Holders (Rm'000)



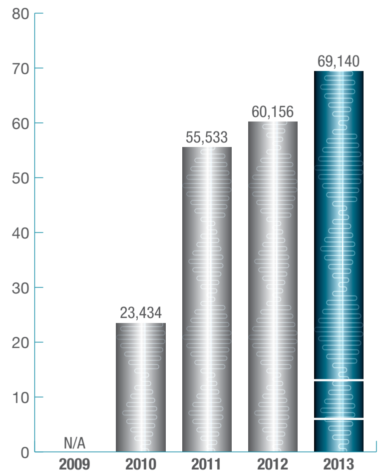
Total Assets (Rm'000)



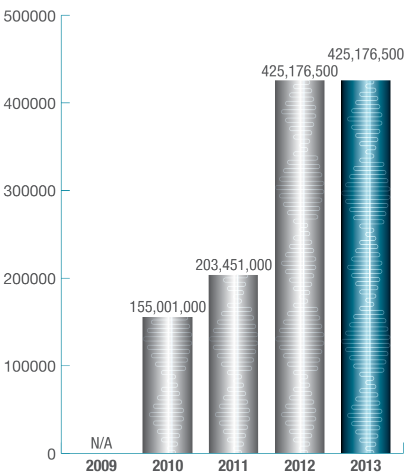
Total Liabilities (RM'000)



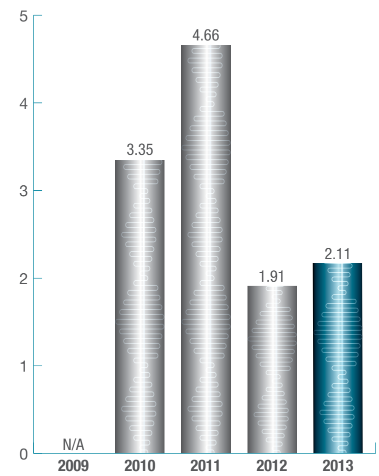
Net Assets Attributable To Equity Holders (RM'000)



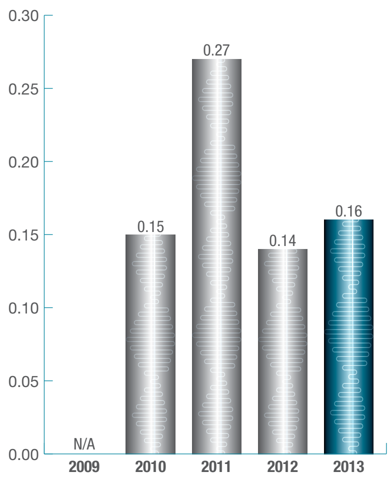
No. Of Shares In Issue At Year End (RM'000)



Basic Earnings Per Share (sen)



Net Assets Per Share Attributable To Equity Holders (RM)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of EA Holdings Bhd, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2013.

FINANCIAL PERFORMANCE

2013 proved to be a bumper and record breaking year for EA Group, as we notched record high revenue of RM91.655 million, which almost doubled our previous year revenue of RM46.015 million, or approximately 99.2% increase. The substantial increase in revenue was mainly driven by the projects awarded by Lembaga Hasil Dalam Negeri Malaysia to EAH's subsidiary company, EASS Sdn Bhd, in addition to the contribution from the other subsidiary companies in the Group.

Profit before tax for 2013 increased by RM0.932 million or 10.3% as compared to 2012. Notwithstanding the increase, the profit before tax margin for 2013 is lower compared to 2012 due to the higher proportion of external costs required for the major projects secured by the Group in 2013.

The Group's ICT Services segment contributed the highest revenue for 2013, accounting for 67.3% of the Group's total revenue, whilst the Software Solutions segment provided 28.4% and the balance of Group's revenue was derived from the RFID and Building Automation segment (4.3%).

CORPORATE DEVELOPMENTS

On 25 November 2013, on behalf of the Board of Directors of EAH ("Board"), RHB Investment Bank Berhad ("RHB") announced that the Company proposed to undertake a bonus issue of up to 120,317,166 Warrants B in EAH on the basis of two (2) free Warrants B for every nine (9) existing EAH Shares held on an entitlement date to be determined ("Bonus Issue of Warrants"). The Warrants were successfully listed on 3 March 2014.

On 17 March 2014, on behalf of the Board, RHB 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;

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.

Barring unforeseen circumstances and subject to all relevant approvals being obtained, the proposals are expected to be completed by the second quarter of 2014.

The proceeds from this Rights Issue would be used mainly to fund our war chest, so that the Group has the necessary funds to further grow its business both organically and inorganically via its Merger & Acquisition strategy.

INDUSTRY OUTLOOK AND GROUP PROSPECT

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)

Barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the next financial year ending 31 December 2014.

ACKNOWLEDGEMENT AND APPRECIATION

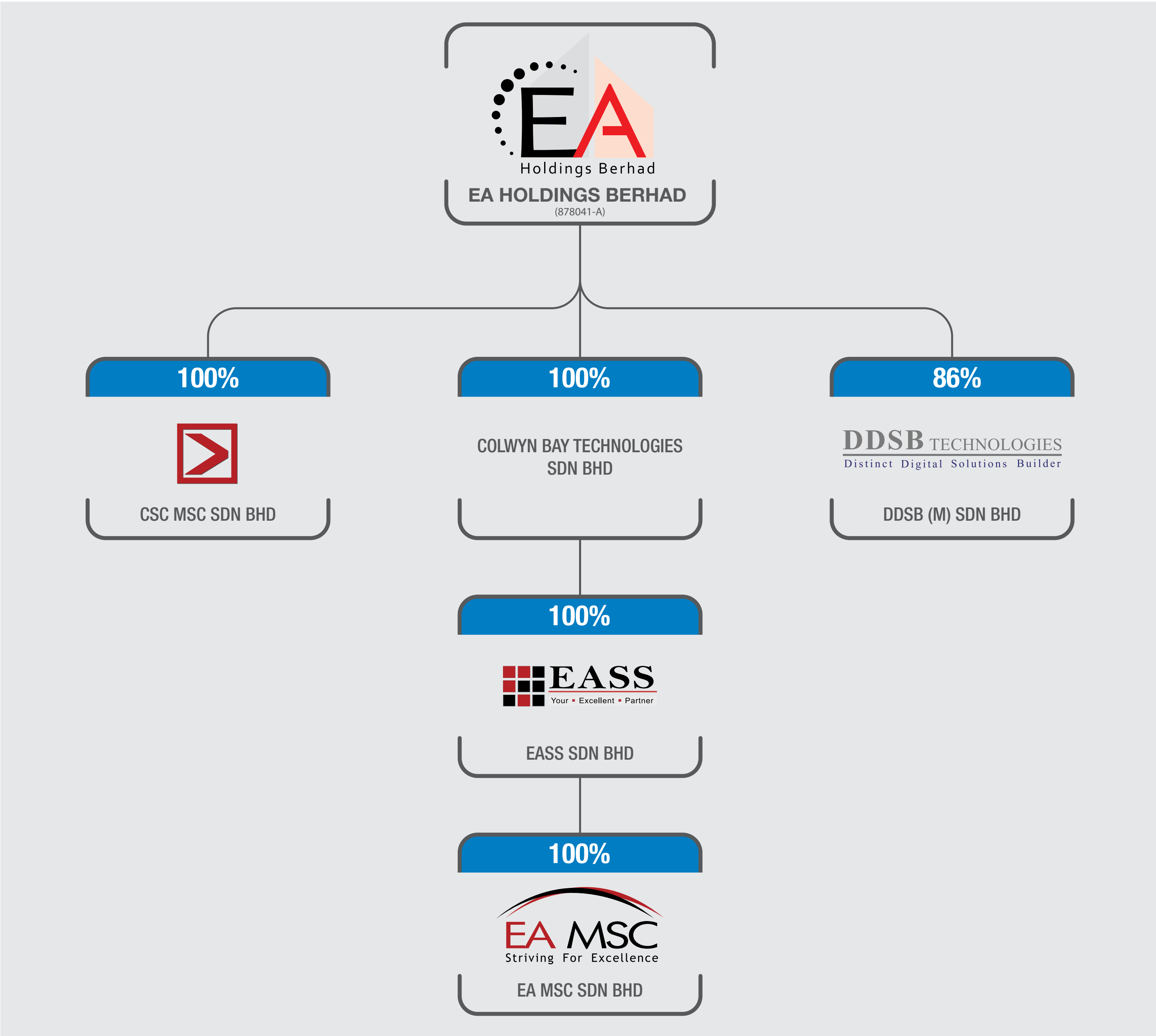
On behalf of the Board, I wish to express our gratitude to our staff for their dedication, diligence, professionalism and commitment for bringing the Group to new heights. I would also like to take this opportunity to convey our appreciation to our clients, business associates, shareholders and various stakeholders for their continued support and confidence in EAH.

Thank you.

Azahar bin Rasul
Chairman

The Company was incorporated on 6 November 2009 under the name of EA Holdings Sdn Bhd and subsequently converted into a public limited company on 19 February 2010 and assumed its present name.

Since the Group's successful listing on the ACE Market of Bursa Malaysia Securities Berhad on 20 July 2010, EA Holdings Group structure has expanded as follows :-



OUR SUBSIDIARY COMPANIES

EASS Sdn Bhd

EASS was started in 2006 with the aim and vision to be a leading one-stop ICT solutions provider through the development and deployment of ICT solutions. With infrastructure integration services as its core services, EASS's main market focuses on the GLCs, of which EASS's personnel has extensive experience on the scale of implementation and had established as well as maintained good customer relationships. EASS is also a registered Bumiputra contractor with the Ministry of Finance.

CORPORATE PROFILE
(cont'd)

EA MSC Sdn Bhd

The Group spun-off its RFID division by incorporating a new subsidiary company, EA MSC Sdn Bhd in 2008. Since its inception, EA MSC has developed a leading edge in the research, design, development, manufacturing, sales and distribution of RFID-based tracking systems in the area of security, identification and automation solutions. Through the innovative designs, function and reliability of its products and solutions, EA MSC has built a solid reputation for itself whilst growing a strong customer base which includes GLCs, large corporations and SMEs.

CSS MSC Sdn Bhd

CSS MSC joined EA Group in 2009 and brought with them a proven track record and experience in technology implementation for various banks as well as implementing ITIL Service Management consultancy and services for business process management solutions to leading corporations. Through CSS MSC, the Group expanded the breadth of its ICT solutions and products to incorporate software solutions, Business Intelligence and data warehousing solutions and IT Service Management and business process consulting, with a focus on the financial services industry.

DDSB (M) Sdn Bhd

Started in 1999 and joined EA Group in 2011, DDSB offers a range of products and services catering to both private and government linked companies. DDSB's enterprise resource planning and human capital management solutions leverage technology to provide the platform for aligning and bridging the gap between organisation, business targets, people, process and technology. In addition, its mobile enterprise solutions allow businesses to manage its business relationships through a wireless technology platform and to improve efficiencies of its field crews whilst its GIS solution business is a monitoring and management solution for large enterprises that have assets distributed over wide geographical areas.

Colwyn Bay Technologies Sdn Bhd ("CBTSB")

CBTSB was incorporated in Malaysia on 20 November 2012 under the Companies Act, 1965, and has not commenced operation. Its principal activities are provision of Information Technology services and investment holding.

OUR PRODUCTS

OUR PRODUCTS

- Banking Application
- GIS Solution Business
- RFID System For Manufacturing, Security & Building Automation
- Enterprise Resource Planning & Human Capital Management Solutions Technology
- Business Intelligence & Data Warehousing
- ICT Consultancy Services
- System & Infrastructure Integrations

BOARD OF DIRECTORS

Azahar bin Rasul
Chairman, Independent and Non-Executive Director

Mohammad Sobri bin Saad
Chief Executive Officer / Executive Director

Basir bin Bachik
Executive Director

Choo Seng Choon
Senior Independent Non-Executive Director

Abdul Fattah bin Mohamed Yatim
Independent, Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Choo Seng Choon
(Chairman)

Azahar bin Rasul

Abdul Fattah bin Mohamed Yatim

NOMINATION COMMITTEE

Choo Seng Choon
(Chairman)

Azahar bin Rasul

Abdul Fattah bin Mohamed Yatim

REMUNERATION COMMITTEE

Choo Seng Choon
(Chairman)

Azahar bin Rasul

Abdul Fattah bin Mohamed Yatim

AUDITORS

STYL Associates (AF 1929),
Chartered Accountants
107B, Jalan Aminuddin Baki,
Taman Tun Dr Ismail,
60000 Kuala Lumpur

COMPANY SECRETARY

Laang Jhe How (MIA 25193)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(ACE Market)

PRINCIPAL BANKER

Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad

REGISTERED OFFICE

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: 03-7729 1519
Fax: 03-7728 5948

REGISTRAR

Insurban Corporate Services Sdn Bhd
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: 03-7729 5529
Fax: 03-7728 5948

PRINCIPAL PLACE OF BUSINESS

Units J-3A-7 & J-3A-8,
Level 3A, Block J,
Solaris Mont Kiara,
50480 Kuala Lumpur
Tel: 03-6204 0050
Fax: 03-6204 0051

DIRECTORS' PROFILE

BOARD OF DIRECTROS

Name Of Members	Designation	Nationality
Azahar bin Rasul	Chairman, Independent Non-Executive Director	Malaysian
Mohammad Sobri bin Saad	Chief Executive Officer/Executive Director	Malaysian
Basir bin Bachik	Executive Director	Malaysian
Choo Seng Choon	Senior Independent Non-Executive Director	Malaysian
Abdul Fattah bin Mohamed Yatim	Independent Non-Executive Director	Malaysian

AZAHAR BIN RASUL

A Malaysian aged 52, Azahar was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee of EA Holdings Berhad on 22 February 2010. He is also a member of the Nomination and Remuneration Committee of the Company. He was appointed as the Chairman of the Company on 15 April 2013.

He obtained his Bachelor of Science Degree in Business Administration from Central Michigan University in 1988 and a Master of Science Degree in Accounting from the University of New Haven, Connecticut, USA in 1990. He has over 26 years of experience in the field of corporate accounting, finance, banking and administration. His last employment was with Land & General Berhad as its Senior Manager for Administration and Finance until 1995, when he left to set up set up his own business. Azahar also sits on the board of directors of Instacom Group Berhad.

Azahar attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2013. He has no family relationship with any director or substantial shareholder of the Company.

Azahar has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

MOHAMMAD SOBRI BIN SAAD

A Malaysian aged 54, Mohammad Sobri is the Group founder and was appointed as the Chief Executive Officer/ Executive Director on 6 November 2009. He is responsible for the operations, strategic planning and direction of our Group. He obtained his Bachelor of Science (Hons) Degree in Mathematics and Computing from The Polytechnic of Wales, Pontypridd, Wales, United Kingdom in 1984.

He started his career in various local corporations as well as multinational companies such as Harrisons Malaysian Plantation Berhad, Bank Simpanan Nasional and ESSO Malaysia Berhad who were users of ICT technologies like IBM, SAP and Oracle. He started a new phase of career to become a supplier of ICT technology by working and consulting in Infotech Consultants Pte Ltd, Singapore, Platinum Technology Inc, an US-based software company, Teliti Computers Sdn Bhd, Swift Applications Sdn Bhd and EASS. His experiences encompassed the usage of advance ICT technology supplied by IBM, Computer Network Technology Corporation, LANdesk Software Inc, ReadSoft and his clients comprised of large corporations in the banking industries, oil and gas, and utilities companies in Malaysia and the ASEAN region. He also sits on the Board of Directors of the subsidiary companies of the Group, namely EASS Sdn Bhd, EA MSC Sdn Bhd and CSS MSC Sdn Bhd.

Mohammad Sobri attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2013. He has no family relationship with any director or substantial shareholder of the Company.

Mohammad Sobri has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

BASIR BIN BACHIK

A Malaysian aged 56, Basir was appointed as the Executive Director of EA Holdings Berhad on 22 February 2010. He is also the Chief Operating Officer for ICT Services of the Group. He obtained his Bachelor of Science Degree in Computer Science from Edinburgh University, United Kingdom in 1982.

Basir has over 26 years of experience in the IT industry, serving both local and multinational companies such as Malaysian Airline System Berhad, ESSO Malaysia Berhad, IBM Singapore Pte Ltd, SHELL Refining Company (Federation of Malaya) Berhad, IBM Malaysia Sdn Bhd, Petronas Group of companies and iPerintis Sdn Bhd. He has also consulted for various financial institutions in Malaysia including Bank Simpanan Nasional and Permodalan Nasional Berhad. He started as a systems programmer, moving on to IT systems management to become a consultant specialising in ITIL. He has also managed large IT infrastructure projects for a petrochemical complex and a government agency. He is an accomplished system architect specialising in IT infrastructure. He is also a Director of EASS Sdn Bhd and DDSB (M) Sdn Bhd, subsidiary companies of the Group.

Basir attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2013. He has no family relationship with any director or substantial shareholder of the Company.

Basir has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

CHOO SENG CHOON

A Malaysian aged 40, Choo Seng Choon was appointed as the Independent Non-Executive Director of EA Holdings Berhad on 22 February 2010. He was subsequently appointed as the Chairman of the Audit and Risk Management Committee on 13 August 2010. He is also the Chairman of the Nomination and Remuneration Committee of the Company.

Choo Seng Choon is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Member of the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors, Malaysia and a Certified Internal Auditor. He also holds a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur.

He has over 15 years of professional experience that includes internal audits, risk management, investigations, business management consulting, business process re-engineering, corporate governance advisory, due diligence, financial projections and financial audits.

Choo Seng Choon is currently the Executive Director and Chief Operating Officer of Audex Governance Sdn Bhd, a professional services firm that specialises in the provision of internal audit, risk management and management consulting services to a wide range of multinational and public listed conglomerate clients operating in the Asia Pacific Region.

He also sits on the board of directors of Instacom Group Berhad. In addition, he also sits on the board of directors of several private limited companies.

Choo Seng Choon attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2013. He has no family relationship with any director or substantial shareholder of the Company.

Choo Seng Choon has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

DIRECTORS' PROFILE
(cont'd)

ABDUL FATTAH BIN MOHAMED YATIM

A Malaysian aged 58, Abdul Fattah was appointed as the Independent Non-Executive Director of EA Holdings Berhad on 22 February 2010. He was subsequently appointed as a member of the Audit and Risk Managment Committee on 13 August 2010. He is also a member of the Nomination and Remuneration Committee of the Company.

Abdul Fattah obtained his Bachelor of Science Degree in Electronic and Electrical Engineering from Loughborough University of Technology, United Kingdom in 1978. He practised engineering with the National Electricity Board (now known as Tenaga Nasional Berhad) where he specialised in engineering software development and simulation and long range transmission planning. From 1983, he served in professional and senior management positions in Esso Production Malaysia Incorporated, including a two year foreign assignment in Exxon companies in USA and UK. He then worked in System Consultancy Services Sdn Bhd from 1996 where he was a consultant to the Malaysian Armed Forces.

From 2003 to present, Abdul Fattah has been a consultant in several consulting companies providing ICT consulting services on various aspects of ICT such as, amongst others, application delivery, policy, security, project management, and business continuity planning, to clients in the public and private sectors. He also sits on the board of directors of several private limited companies. Presently he is a Principal Consultant in Teknimuda (M) Sdn Bhd.

Abdul Fattah attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2013. He has no family relationship with any director or substantial shareholder of the Company.

Abdul Fattah has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

The Board of Directors of EA Holdings Berhad is fully committed towards ensuring that the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied and practiced by the Group. The Board is pleased to report to the shareholders on how the Group has applied all the eight (8) principles of the Code and the extent to which it has complied with the recommendations of the Code.

BOARD OF DIRECTORS

Roles And Principal Responsibilities

The Board has overall responsibility for the corporate governance, proper conduct and strategic direction of the Group. The Board delegates authority and vests accountability for the Group's day to day operations with a management team led by the Group's CEO, En. Mohammad Sobri bin Saad. The Board, however, assume responsibility for the following areas :-

a) Reviewing and adopting a strategic plan for the Group;

b) Overseeing the conduct of the Group of the Group's business to evaluate whether the business is being properly managed;

c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

d) Succession planning;

e) Developing and implementing an investor relations programme and shareholder communications policy for the Group; and

f) Reviewing the adequacy and the integrity of the Group's internal controls systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer ("CEO") are clear and distinct. The Chairman is responsible for the effective conduct of Board discussions while the CEO is responsible for the running of the day to day operations of the Group.

Board Charter

In 2014, the Board had approved and adopted a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by the regulatory authorities. The Board Charter is available on EAH's corporate website at www.eah.com.my.

Composition and Balance

The Group is led and managed by a well-balanced Board which consists of members with wide range of business, technical and financial background in ensuring that the Group achieves the highest standard of performance, accountability and ethical behaviour as expected by the stakeholders.

The Board is made up of five (5) members, consisting of two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Board has a balanced composition of Executive and Non-Executive Independent Directors such that no individual or group of individuals can dominate the Board's decision making powers and processes.

The profiles of the Directors are presented on page 8 to 10 of this annual report.

Mr Choo Seng Choon was appointed as the Senior Independent Non-Executive Director, to whom the concerns by the public and external stakeholders can be addressed.

CORPORATE GOVERNANCE
(cont'd)

Gender Diversity Policy

The Board shall endeavour to achieve at least one (1) female director by 2018. The Board, through the Nomination Committee would take steps to ensure that due consideration is given to female candidates as directors and/or Board Committee members to facilitate achievement of such policy and target in accordance with MCCG 2012.

Reinforced Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. The Independent Non-Executive Directors are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent Directors and is satisfied they have able to discharge their responsibilities in an independent manner.

None of the current independent Board members had served the Company for more than nine years as per the recommendation of the Code. Should the tenure of an independent Director exceed nine years, shareholders' approval will be sought at a General Meeting or if the services of the Director concerned are still required, the director concerned will be re-designated as a non-independent Director.

There is clear separation of powers between the Chairman, who is an independent Director and the CEO, and this further enhances the independent of the Board. Should any Director has any interest in any matter under deliberation, he is required to disclose his interest and abstain from participating discussions on the matter.

Board Meetings And Supply of Information to the Board

The Board will meet at least four (4) times a year with additional meetings being held as and when required. For the financial year ended 31 December 2013, five (5) Board meetings were held.

The agendas for the Board meetings were circulated well in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the matters to be discussed such as financial performance, investments and strategic direction prior to the meetings for their perusal and consideration to assist them in making well-informed decisions. All deliberations, issues discussed and decisions made at the Board meetings were properly recorded to provide a record and insight into those decisions. Senior management were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board.

The Board is ably supported by the various Board committees as recommended by the Malaysian Code on Corporate Governance. The committees set-up are the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. All Board committees discharged their duties within their terms of reference and make recommendation to the Board if matters are beyond their authority limit.

The Board members are given unrestricted access to all information pertaining to the Company; whether as a full Board or individually to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to enable the Board to discharge theirs duties with adequate knowledge on matters being deliberated.

The attendance of the Directors at Board meetings during the financial year are as shown below:

No.	Name Of Members	Designation	Attendance	Percentage Of Attendance
1	Azahar bin Rasul	Chairman, Independent Non-Executive Director	5/5	100%
2	Mohammad Sobri bin Saad	Chief Executive Officer/Executive Director	5/5	100%
3	Basir bin Bachik	Executive Director	5/5	100%
4	Choo Seng Choon	Senior Independent Non-Executive Director	5/5	100%
5	Abdul Fattah bin Mohamed Yatim	Independent Non-Executive Director	5/5	100%

Directors' Training

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group. All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development and the Board would also continually assess the training needs of the Directors as part of their obligation to update and enhance their skills and knowledge in order to effectively carry out their duties and responsibilities.

During the year 2013, the Directors had attended the following training programmes :-

Directors	Title
Azahar bin Rasul	Responsible and Sustainable Growth Through Corporate Governance
Mohammad Sobri bin Saad	Strategic Finance for Decision Makers
Basir bin Bachik	Updates and Amendments to the ACE Market Listing Requirements
Choo Seng Choon	2014 Budget Seminar – Key Budget Changes and Implications
Abdul Fattah bin Mohamed Yatim	Risk Management and Internal Control Workshop for Audit Committee Members

Appointment and Re-election

One third (1/3) of the Board shall retire from office and are eligible for re-election at each Annual General Meeting and all directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

Board Committees

(a) Audit and Risk Management Committee
The terms of reference of the Audit and Risk Committee are set out on page 17 to 19 of the annual report.

(b) Nomination Committee
The Nomination Committee comprises exclusively of independent Non-Executive Directors as follows :-

Choo Seng Choon	Chairman
Azahar bin Rasul	Member
Abdul Fattah bin Mohamed Yatim	Member

The Nomination Committee considers and recommends to the Board suitable candidates whom the Committee feel would be of good value and a complementing addition to the Board. The appointment of the Directors remains the responsibility of the Board after taking into consideration the recommendations of the Nomination Committee. The assessment of the effectiveness of the Board collectively and individually is an on-going continuous process undertaken by the Nomination Committee. Whenever deemed necessary, the Committee would forward the relevant recommendations for the Board consideration. In carrying out its duties and responsibilities, the Nomination Committee have full, free and unrestricted access to any information, record, properties and personnel of the Group. The Committee may seek the external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

Nomination Committee attendance :-

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon	1/1	100%
2	Azahar bin Rasul	1/1	100%
3	Abdul Fattah bin Mohamed Yatim	1/1	100%

CORPORATE GOVERNANCE
(cont'd)

(c) Remuneration Committee

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors as follows :-

Choo Seng Choon	Chairman
Azahar bin Rasul	Member
Abdul Fattah bin Mohamed Yatim	Member

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive directors in all forms. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive Chairman and non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee have full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The remuneration package is designed to support the Company's strategy and to provide an appropriate incentive to maximise individual and corporate performance, whilst ensuring that overall rewards are market competitive. The Executive Directors' package consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance and fuel whilst the Non-executive Directors' package primarily consists of fees only.

The remuneration packages for the Directors for the financial year ended 31 December 2013 are as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	342	-
Fees	-	63

The number of Directors whose remuneration falls into each band of RM50,000 are set as follows :-

	Number of Directors	
	Executive Directors	Non-Executive Directors
1 – 50,000	-	3
50,001 – 100,000	-	-
100,001 – 150,000	-	-
150,001 – 200,000	2	-

Nomination Committee attendance :-

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon	1/1	100%
2	Azahar bin Rasul	1/1	100%
3	Abdul Fattah bin Mohamed Yatim	1/1	100%

SHAREHOLDERS

Investors Relations and Shareholders Communication

The Board recognizes the importance of keeping all shareholders informed of the Group's business and corporate developments. Such information is disseminated through the Group's quarterly results, annual reports and through various disclosures via Bursa Malaysia Securities Berhad's website.

The forthcoming Annual General Meeting will be a great avenue of meeting between the Board of Directors and shareholders.

Annual General Meeting

The Annual General Meeting (AGM) is an important forum for communication and dialogue between the Group and the shareholders to raise questions or to inquire more information on the Group's development and financial performance. The CEO and Board members are present to address all shareholders' queries on issues relevant to the Group. However, if the queries raised are not immediately answerable during the AGM, the CEO will send a written letter containing the explanation after the AGM is over. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting.

The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board considers that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates. A balanced and understandable assessment of the Group's position and prospects is released through annual financial statements and quarterly financial results.

Quarterly financial results and annual financial statements are reviewed by the Audit and Risk Management Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

Internal Controls

The Board of Directors recognises the importance of an effective system of internal controls covering the financial, operations and compliance controls as well as risk management to safeguard the interests of the shareholders and stakeholders of the Group. The Board reviews the effectiveness of the internal control system through the Audit and Risk Management Committee with the assistance of the outsourced independent Internal Auditors, which carried out risk assessment and auditing of different areas of the business covering financial, operational and compliance.

Relationship With Auditors

The Audit and Risk Management Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Audit and Risk Management Committee on their findings. In doing so, the Group forges a transparent and professional relationship with the Company's External Auditors. The Audit and Risk Management Committee has met the External Auditors twice to review and discuss the audit plan, scope and nature of the audit, audit findings and financial statements for financial year ended 31 December 2013. These meetings were conducted without the presence of the Executive Directors and the Company's management staff.

CORPORATE GOVERNANCE
(cont'd)

Corporate Social Responsibility

EA Holdings Berhad recognises and adopts corporate social responsibility (CSR) commitments in our business operations they have direct and indirect impact on the communities. Being a public listed company, EA Holdings upholds our responsibility to oblige to the statutory compliance of CSR and extend it further by implementing various measures of which are consistent with our stakeholder's best interest.

We have adopted a CSR policy which could be applied into our operational activities and our employees day-to-day work activities.

(a) The Community
The Group believes in the principles of respecting human rights, equality and fairness through non-discrimination on the basis of gender, race, or religion which are not relevant to employment. All employees are treated equally in the company.

(b) The Marketplace
The Group is committed to maintain high standards of Corporate Governance and integrity within the company to promote confidence in management and governance standards besides meeting shareholder expectations and to benefit the stake of the shareholders.

(c) The Workplace
The Group believes in protecting the health and safety of our employees and provides employees a quality work environment which complies with the health and safety standards as a good working environment would help to increase the employees' efficiency and productivity besides improving the quality of life of our employees. We also provide training to employees from time to time to enhance their skills and abilities which would offer excellent opportunities for personal and career development. In addition, we also organize activities, gatherings and outings to foster and cultivate closer ties within the Group. It also helps to produce dynamic workforce with a strong sense belonging.

(d) The Environment
The Group understands the importance, impact and implications of our businesses to the environment and we implement environmental practices in our operations to conserve and minimize the impact to the environment.

(i) Paperless environment
Staffs and clients are encouraged to fully maximize the benefits of ICT (eg email, instant messaging, etc.) for communication and only print hard copy when necessary. Moreover, in line with our aim to lower carbon footprints, the company will make its annual report available in softcopy on Bursa and the company's websites.

(ii) Recycling
Staffs are encouraged to print on both sides of the papers to minimize paper usage while unwanted papers and recyclable items are collected and sent to be recycled. This initiative is in place to support the government's Go Green effort.

(iii) Energy saving
Employees are advised to switch off the lights and air conditioners when they are not in use to help to conserve energy.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements of the Group are properly drawn up in accordance with applicable financial policies and standards in Malaysia so as to give a true and fair view of the Company's state of affairs as at the financial year and of the results and cash flows of the Company for that period.

The Board is also responsible for ensuring that the Group keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act, 1965. The Board, with the assistance of the Internal Auditors, takes the responsibilities of safeguarding assets of the Company to prevent and detect fraud and other irregularities seriously.

COMPLIANCE STATEMENT

The Board believes that the Company has in 2013 followed the Principles and Recommendations of the Code in all material aspects.

This statement is made in accordance with the resolution of the Board dated 28 May 2014.

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Chairman	Choo Seng Choon (Senior Independent Non-Executive Director)
Members	Azahar bin Rasul (Independent Non-Executive Director) Abdul Fattah bin Mohamed Yatim (Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Composition

(a) The Audit and Risk Management Committee shall be appointed by the Board from amongst themselves comprising not less than three (3) members where the majority of them shall be composed of independent non-executive directors and the CEO shall not be a member of the Audit and Risk Management Committee.

(b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.

(c) The term of office of the Audit and Risk Management Committee is two (2) years and may be re-nominated and appointed by the Board.

(d) The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an independent director.

(e) All members of the Audit and Risk Management Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit and Risk Management Committee cease to be a Director of the Company, his membership in the Audit and Risk Management Committee would cease forthwith.

(f) No Alternate Director of the Board shall be appointed as a member of the Audit and Risk Management Committee.

(g) If the number of members of the Audit and Risk Management Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

(h) The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2. Duties and Responsibilities

The duties and responsibilities of the Committee shall include the followings :-

Matters relating to External Audit

(a) To review the nomination of external auditors and their audit fees;

(b) To review the nature, scope and quality of external audit plan/arrangements;

(c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;

(d) To review the external auditors' audit report;

(e) To review with the external auditors, their evaluation of the system of internal accounting controls;

(f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

(g) To review any letter of resignation from the external auditors;

(h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(i) To review the assistance given by the Company's officers to the external auditors.

Matters relating to Internal Audit function

(a) To review the effectiveness of the internal audit function;

(b) To review the internal audit programme and results of the internal audit process;

(c) To review the follow up actions by the Management on the weakness of internal accounting procedures and controls;

(d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and

(e) To review the assistance and co-operation given by the Group and its officers to the internal auditors.

Risk Management and Internal Control

(a) To review the adequacy of risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;

(b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines; and

(c) To recommend to the Board of Directors the Statement on Risk Management and Internal Control and any changes to the said statement.

3. Authority

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company :

(a) have explicit authority to investigate any matter within its terms of reference;

(b) have the resources which the Committee needs to perform the duties;

(c) have full access to any information which the Committee requires in the course of performing its duties;

(d) have unrestricted access to all employees of the Group;

(e) have direct communication channels with the external auditors;

(f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and

(g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

4. Meetings and Minutes

The Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Committee shall be the Company Secretary.

5. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action. The total costs incurred for the outsourced internal audit function during the year was RM18,300.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2013, in line with the terms of reference, the Committee carried out the following activities in the discharge of its functions and duties:

1. Meeting with the external auditors to review the audited financial statements for the financial year ended 31 December 2013;
2. Reviewed the audit reports of the Group prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;
3. Reviewed the quarterly and year-end financial results of the Group prior to submission to the Board for consideration and approval;
4. Reviewed the disclosure of related party transactions entered into by the Group in the annual report of the Group;
5. Reviewed the audit plan, nature and scope of the external auditors and considering their audit fee;
6. Reviewed the audit plan, nature and scope as proposed by the internal auditors;
7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.

MEETING ATTENDANCE

The Committee held five (5) meetings during the year ended 31 December 2013. The details of the attendance are as follows:

Directors	No. of meetings attended
Choo Seng Choon	5/5
Azahar bin Rasul	5/5
Abdul Fattah bin Mohamed Yatim	5/5

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors to include in its annual report a statement about the state of the risk management and internal controls of the Group. The Malaysian Code of Corporate Governance 2012 under Principle 6 states that the Board should establish a sound risk management framework and internal controls systems.

BOARD RESPONSIBILITIES

The Board of Directors ("the Board") recognises the importance of maintaining a good system of risk management and internal controls and risk management to safeguard shareholders' investment and the Group's assets. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Group's operational effectiveness and efficiency.

The Board has reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Group. It recognises that due to inherent limitations, such systems are designed to manage rather than to eliminate the risk of business failure. As such, these systems could only provide reasonable but not absolute assurance against material misstatements or losses and the effectiveness of an internal control system may vary over time.

SYSTEM OF RISK MANAGEMENT

The Board acknowledged that all areas of the Group's activities involve some degree of risks and recognises that effective risk management is part of good business management practice for the successful achievement of the Group's business objectives. Operationally, the respective directors of the subsidiary companies and key management staff are responsible for managing the risks of their departments and periodic management meetings are held to address significant issues faced by the Group so as to ensure significant risks are closely monitored and appropriately addressed. Significant risks are highlighted to the Board on an exception basis. The abovementioned practices/initiatives serve as the on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Group's business objectives.

SYSTEM OF INTERNAL CONTROL

The key measures implemented in the Group are as follows :-

(i) A well defined organization structure with distinct lines of accountability that sets out the authority delegated to the board and management committees;

(ii) A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;

(iii) Performance reports such as quarterly financial review, business development and other corporate matters are regularly provided to the Directors for discussion and deliberations at Board of Directors meeting;

(iv) Review of quarterly and annual financial results by the Audit and Risk Management Committee;

(v) Regular meetings by the management team to discuss and review reports and business developments and to resolve key operations and managements issues;

(vi) Review the adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function; and

(vii) The executive directors adopt a hands-on approach in running the business and operations of the Group and report to the Board on significant changes which may affect the operations of the Group.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional firm to review the adequacy and integrity of the internal control systems of the Group.

The functions of the internal audit are as follows :-

1. Perform audit work in accordance with the pre-approved internal audit plan.

2. Carry out review on the system of internal controls of the Group.

3. Review and comment on the effectiveness and adequacy of the existing control policies and procedures.

4. Provide recommendations, if any, for the improvement of the control policies and procedures.

5. Review and comment on the implementation status of the recommendation by the internal audit function.

The internal audit function reports directly to the Audit and Risk Management Committee and is independent of the management. The internal audit reports are submitted to the Audit and Risk Management Committee who would review and deliberate on the findings before making the necessary recommendations to the Board to strengthen its system internal control and policies.

CONCLUSION

The Board have received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group and is of the view that they are adequate to safeguard shareholders' investments and the Group's assets. There were no material losses incurred during the financial year as a result of weaknesses in internal control that would require a separate disclosure in the annual report. The Board will, when necessary, take the necessary steps to further enhance the Company's system of risk management and internal control to adapt to the ever changing and challenging business environment.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems.

This Statement was made in accordance with a resolution of the Board dated 29 April 2014.

ADDITIONAL COMPLIANCE INFORMATION

(a) Utilisation of Proceeds

There were no proceeds raised from any proposal during the financial year under review.

(b) Share Buybacks

There was no Share Buybacks arrangement during the financial year.

(c) Options, Warrants or Convertible Securities

None of the Warrants 2010/2015 has been exercised during the financial year and the total number of warrants remained unexercised is 116,250,750.

(d) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

(e) Sanctions and Penalties

There were no material sanctions and penalties imposed on the Company, Directors or management by the relevant regulatory bodies.

(f) Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company by its external auditors for the financial year ended 31 December 2013 was RM4,000.

(g) Profit Estimates, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year.

(h) Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

(i) Material Contracts

During the financial year, there were no material contracts of the Company involving its Directors' and major shareholders' interest.

(j) Revaluation Policy

The Company does not have a revaluation policy in respect of its properties.

(k) Recurrent Related Party Transactions of Revenue Nature ("RRPT")

During the financial year, the Company did not enter into any RRPT.

CONTENTS

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, management and consultancy services. The principal activities of the subsidiaries are as disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	GROUP RM	COMPANY RM
Profit/(Loss) before tax	9,984,910	(1,413,257)
Income tax expense	(729,645)	-
Net profit/(loss) for the financial year	9,255,265	(1,413,257)
Attributable to:		
Equity holders of the Company	8,984,795	(1,413,257)
Non-controlling interests	270,470	-
	9,255,265	(1,413,257)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the Financial Statements.

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

2010/2015 WARRANTS

In 2010, the Company completed the listing of bonus issue of 77,500,500 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each in the Company. Each warrant 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 RM0.59 per warrant.

The exercise price of the warrant was revised downwards from RM0.59 to RM0.40 in 2012 and an additional 38,750,250 warrants was issued pursuant to the adjustment.

All the warrants issued are constituted under a Deed Poll executed and constituted by the Company.

The salient features of the warrants are as follows:

a) Each warrant entitles the registered holder, at any time during the exercise period to subscribe for one (1) new ordinary share at an exercise price of RM0.40 each, subject to adjustments in accordance with the provisions of the Deed Poll.

b) The warrants may be exercisable at any time within five (5) years commencing from and including the date of issuance of the warrants and ending 5pm on the expiry date. The expiry date is a day falling immediately before the 5th anniversary of the date of issuance of the warrants and if such date is not a market day, then on the preceding market day.

c) The new ordinary shares to be issued pursuant to the exercise of the warrants upon allotment and issue, rank pari passu in all respect with the existing ordinary shares of the Company except that the new ordinary shares shall not be entitled to any dividend, rights, allotment and/or other distributions that may be declared, made or paid prior to the date of allotment and issuance of the rights shares.

DIRECTORS

The names of the directors in office since the date of the last report are as follows:

Mohammad Sobri Bin Saad

Basir Bin Bachik

Azahar Bin Rasul

Abdul Fattah Bin Mohamed Yatim

Choo Seng Choon

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors in the financial statements or the fixed salary of full-time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	Balance as at 1.1.2013	Bought	Sold	Balance as at 31.12.2013
Shares in the Company				
Registered in name of directors				
Mohammad Sobri Bin Saad	124,478,778	-	-	124,478,778
Basir Bin Bachik	410,000	-	-	410,000
Abdul Fattah Bin Mohamed Yatim	15	-	-	15
Deemed interest by virtue of shares held by immediate family members of a director				
Mohammad Sobri Bin Saad	21,825,210	-	(21,825,210)	-

	NUMBER OF WARRANTS			
	Balance as at 1.1.2013	Acquired	Disposed	Balance as at 31.12.2013
Registered in name of directors				
Mohammad Sobri Bin Saad	37,894,092	-	(9,934,000)	27,960,092
Abdul Fattah Bin Mohamed Yatim	7	-	-	7
Deemed interest by virtue of warrants held by immediate family members of a director				
Mohammad Sobri Bin Saad	5,231,354	-	(5,231,300)	54

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company during and at the end of the financial year.

OTHER STATUTORY INFORMATION

a) Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no known bad debts need to be written off and that no allowance for doubtful debts is required; and

   (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the financial statements of the Group and of the Company had been written down to an amount which they might be expected to realise.

b) At the date of this report, the directors are not aware of any circumstances:

   (i) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company; or

   (ii) which would render the values attributable to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

c) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

   (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

f) In the opinion of the directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. STYL Associates, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,

MOHAMMAD SOBRI BIN SAAD
Director

BASIR BIN BACHIK
Director

Kuala Lumpur
Date: 29th April 2014

STATEMENT BY DIRECTORS

We, MOHAMMAD SOBRI BIN SAAD and BASIR BIN BACHIK, being two of the directors of EA Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2013 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 28 to the Financial Statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors,

MOHAMMAD SOBRI BIN SAAD
Director

BASIR BIN BACHIK
Director

Kuala Lumpur
Date: 29th April 2014

STATUTORY DECLARATION

I, TAY MUN KIT, being the officer primarily responsible for the financial management of EA Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed TAY MUN KIT
at Petaling Jaya, on 29th April 2014

TAY MUN KIT

Before me:

S.Arokiadass A.M.N
No. B 390

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of EA Holdings Berhad, which comprise the statements of financial position as at 31st December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 63.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material mistatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2013 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

AUDITORS' REPORT

Independent auditors' report to the members of EA Holdings Berhad (Incorporated in Malaysia)
(cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 28 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements for the year ended 31st December 2012 were audited by another firm of auditors and have expressed an unmodified opinion on those statements on 29th April 2013.

STYL ASSOCIATES
Firm No. AF 1929
Chartered Accountants

SI CHAY BENG
Approval No: 1200/08/14(J)
Chartered Accountant

Date: 29th April 2014
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
as at 31st December 2013

	Note	GROUP 2013 RM	GROUP 2012 RM	COMPANY 2013 RM	COMPANY 2012 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	1,306,315	1,911,064	163,169	255,510
Intangible assets	7	29,771,749	27,664,488	-	-
Investment in subsidiaries	8	-	-	53,381,000	51,130,000
Total Non-Current Assets		31,078,064	29,575,552	53,544,169	51,385,510
Current Assets					
Inventories	9	193,569	294,234	-	-
Trade receivables	10	48,025,543	31,711,863	-	-
Other receivables and prepaid expenses	10	889,816	1,487,281	67,161	24,661
Amount owing by subsidiaries	8	-	-	6,823,174	12,161,275
Deposits, cash and bank balances	11	9,318,120	7,527,703	1,581,967	531,573
Total Current Assets		58,427,048	41,021,081	8,472,302	12,717,509
Total Assets		89,505,112	70,596,633	62,016,471	64,103,019
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	42,517,650	42,517,650	42,517,650	42,517,650
Reserves	13	26,622,690	17,637,895	16,724,791	18,138,048
		69,140,340	60,155,545	59,242,441	60,655,698
Non-controlling interests		2,234,139	1,963,669	-	-
Total Equity		71,374,479	62,119,214	59,242,441	60,655,698
Non-Current Liabilities					
Hire purchase creditors	14	999,097	1,262,199	138,829	185,532
Deferred tax liabilities	15	48,959	67,533	-	-
Total Non-Current Liabilities		1,048,056	1,329,732	138,829	185,532
Current Liabilities					
Trade payables	16	10,178,788	338,303	-	-
Accrued expenses and deferred income	16	1,067,839	961,675	248,347	617,643
Bank borrowings	17	4,512,000	3,198,786	986,982	1,013,989
Amount owing to subsidiaries	8	-	-	1,353,169	1,586,391
Amount owing to director	18	10,100	-	-	-
Hire purchase creditors	14	264,798	2,254,920	46,703	43,766
Tax liabilities		1,049,052	394,003	-	-
Total Current Liabilities		17,082,577	7,147,687	2,635,201	3,261,789
Total Liabilities		18,130,633	8,477,419	2,774,030	3,447,321
Total Equity and Liabilities		89,505,112	70,596,633	62,016,471	64,103,019

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st December 2013

	Note	GROUP 2013 RM	GROUP 2012 RM	COMPANY 2013 RM	COMPANY 2012 RM
Revenue	19	91,654,503	46,015,311	-	1,785,000
Other operating income		98,393	31,277	18,317	1,394
Changes in inventories of trading merchandise		(100,665)	(25,437)	-	-
Purchases and other direct costs		(72,458,437)	(27,845,707)	-	-
Staff costs		(3,749,164)	(4,553,230)	(325,289)	(236,072)
Amortisation of intangible assets		(59,897)	11,738	-	-
Depreciation of property, plant and equipment		(625,287)	(704,635)	(96,722)	(95,451)
Directors' remuneration	20	(911,697)	(1,075,861)	(63,000)	(54,000)
Other operating expenses		(3,188,700)	(2,227,993)	(731,275)	(661,985)
Profit/(Loss) from operations		10,659,049	9,625,463	(1,197,969)	738,886
Profit/(Loss) from operations is stated after charging/(crediting):					
Auditors' remuneration					
- current year		94,000	90,000	25,000	20,000
- overprovision in prior year		(14,610)	(420)	-	-
Amortisation of intangible assets					
- current year		59,897	-	-	-
- overprovision in prior year		-	(11,738)	-	-
Depreciation of property, plant and equipment		625,287	704,635	96,722	95,451
Directors' remuneration		911,697	1,075,861	63,000	54,000
Rental of premises		467,492	555,770	64,500	63,625
Deposits written off		3,565	-	-	-
Dividend income		-	-	-	(1,785,000)
Interest income from fixed deposits		(98,393)	(11,277)	(18,317)	(1,394)
Finance costs	21	(674,139)	(572,526)	(215,288)	(66,580)
Profit/(Loss) before tax		9,984,910	9,052,937	(1,413,257)	672,306
Income tax expense	22	(729,645)	(185,451)	-	-
Total comprehensive income/(loss) for the year		9,255,265	8,867,486	(1,413,257)	672,306
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		8,984,795	6,094,579	(1,413,257)	672,306
Non-controlling interests		270,470	2,772,907	-	-
		9,255,265	8,867,486	(1,413,257)	672,306

Earnings per share attributable to equity holders of the Company:

	Note	GROUP 2013	GROUP 2012
Basic (sen)	23	2.11	1.91
Diluted (sen)	23	N/A	N/A

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31st December 2013

	<--------Attributable to Equity Holders of the Company-------->							
		Non distributable reserve -		Distributable reserve -				
	Share capital	Share premium	Warrants reserve	Retained earnings	Other reserve	Total	Non-controlling interests	Total equity
GROUP	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1st January 2012	20,345,100	14,051,054	6,119,827	9,849,282	-	50,365,263	5,168,014	55,533,277
Issuance of shares during the year								
- Bonus issue	10,172,550	(10,318,301)	-	-	-	(145,751)	-	(145,751)
- Acquisition of subsidiary	12,000,000	5,579,199	-	-	(13,737,745)	3,841,454	(4,262,252)	(420,798)
Total comprehensive income for the financial year	-	-	-	6,094,579	-	6,094,579	2,772,907	8,867,486
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,715,000)	(1,715,000)
Balance as at 31st December 2012	42,517,650	9,311,952	6,119,827	15,943,861	(13,737,745)	60,155,545	1,963,669	62,119,214
Total comprehensive income for the financial year	-	-	-	8,984,795	-	8,984,795	270,470	9,255,265
Balance as at 31st December 2013	42,517,650	9,311,952	6,119,827	24,928,656	(13,737,745)	69,140,340	2,234,139	71,374,479

		Non distributable reserve		Distributable reserve -	
	Issued capital	Share premium	Warrants reserve	Retained earnings	Total equity
COMPANY	RM	RM	RM	RM	RM
As at 1st January 2012	20,345,100	14,051,054	6,119,827	2,033,963	42,549,944
Total comprehensive income for the financial year	-	-	-	672,306	672,306
Issuance of shares during the year					
- Bonus issue	10,172,550	(10,318,301)	-	-	(145,751)
- Acquisition of subsidiary	12,000,000	5,579,199	-	-	17,579,199
Balance as at 31st December 2012	42,517,650	9,311,952	6,119,827	2,706,269	60,655,698
Total comprehensive loss for the financial year	-	-	-	(1,413,257)	(1,413,257)
Balance as at 31st December 2013	42,517,650	9,311,952	6,119,827	1,293,012	59,242,441

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
for the year ended 31st December 2013

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	9,984,910	9,052,937	(1,413,257)	672,306
Adjustments for:				
Amortisation of intangible assets				
- current year	59,897	-	-	-
- overprovision in prior year	-	(11,738)	-	-
Depreciation of property, plant and equipment	625,287	704,635	96,722	95,451
Deposits written off	3,565	-	-	-
Dividend income	-	-	-	(1,785,000)
Finance costs	674,139	572,526	215,288	66,580
Interest income	(98,393)	(11,277)	(18,317)	(1,394)
Operating profit/(loss) before working capital changes	11,249,405	10,307,083	(1,119,564)	(952,057)
Changes in working capital:				
Decrease in inventories	100,665	25,437	-	-
(Increase)/Decrease in trade receivables	(16,313,680)	(709,022)	-	79,500
(Increase)/Decrease in other receivables and prepaid expenses	593,900	162,159	(42,500)	15,240
(Increase)/Decrease in amount owing by subsidiaries	-	-	3,088,101	(1,381,163)
Increase/(Decrease) in trade payables	9,840,485	(977,283)	-	-
Increase/(Decrease) in accrued expenses and deferred income	106,164	108,575	(369,296)	183,940
Increase/(Decrease) in amount owing to subsidiaries	-	-	(233,222)	1,086,391
Increase/(Decrease) in amount owing to director	10,100	(750,000)	-	(750,000)
Cash Generated From/(Used In) Operations	5,587,039	8,166,949	1,323,519	(1,718,149)
Finance costs paid	(674,139)	(572,526)	(215,288)	(66,580)
Interest received	98,393	11,277	18,317	1,394
Tax paid	(93,170)	(82,378)	-	-
Net Cash From/(Used In) Operating Activities	4,918,123	7,523,322	1,126,548	(1,783,335)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(20,538)	(163,211)	(4,381)	(10,034)
Additions in development costs	(2,167,158)	(2,965,519)	-	-
Acquisition of investment in subsidiary (Note 8)	-	-	(1,000)	-
Acquisition of additional shares in subsidiary	-	(420,798)	-	(566,552)
Dividends received	-	-	-	1,785,000
Net Cash From/(Used In) Investing Activities	(2,187,696)	(3,549,528)	(5,381)	1,208,414

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
for the year ended 31st December 2013
(cont'd)

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(Decrease) in bank borrowings	1,443,795	(1,190,651)	-	-
Increase in deposits pledged for banking facilities granted	(1,243,233)	(1,051,100)	(1,059,713)	(522,254)
Repayment of hire purchase payables	(2,253,224)	(561,863)	(43,766)	(40,830)
Payment of share issue expenses	-	(145,751)	-	-
Dividends paid to non-controlling interests	-	(1,715,000)	-	-
Net Cash Used In Financing Activities	(2,052,662)	(4,664,365)	(1,103,479)	(563,084)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	677,765	(690,571)	17,688	(1,138,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,460,256	5,150,827	(1,004,670)	133,335
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	5,138,021	4,460,256	(986,982)	(1,004,670)

Note:

During the financial year, the Group acquired 100% equity interest in a subsidiary for a cash consideration of RM1,000. The Group further acquired 2,250,000 ordinary shares in the subsidiary through the capitalisation of amount owing to the Company.

In 2012, the Company entered into a share sale agreement for the acquisition of 875,000 ordinary shares in DDSB (M) Sdn. Bhd., representing 35% equity interest for a purchase consideration of RM18,000,000 satisfied with the issuance of 120,000,000 ordinary shares of RM0.10 each at RM0.15 per share in the Company.

Also, the issued and paid-up share capital of the Company in 2012 was increased from RM20,345,100 to RM30,517,650 by way of bonus issue of 10,172,550 new ordinary shares of RM0.10 each credited as fully paid-up to the shareholders of the Company on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held through the capitalisation of the share premium account.

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in investment holding, management and consultancy services. The principal activities of the subsidiaries are as disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at No: 149-A, Jalan Amminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

The principal place of business of the Company is located at Units J-3A-7 & J-3A-8, Level 3A, Block J, Solaris Mont Kiara, 50480 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 29th April 2014.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia.

Adoption of Standards, Amendments and Issues Committee ("IC") Interpretations

At the beginning of the current financial year, the Group and the Company adopted the new and revised MFRSs which are mandatory for financial period beginning on or after 1st January 2013.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

The adoption of the above standards and interpretations did not have any impact on the financial statements of the Group and of the Company.

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the following new and revised standards and amendments were in issue but not yet effective. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

		Effective for annual period beginning on or after
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1st January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1st January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1st January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1st January 2014
IC Interpretation 21	Levies	1st January 2014
Amendments to MFRS 201	Property Development Activities	1st January 2014
Amendments to MFRS 2	Share-based Payment	1st July 2014
Amendments to MFRS 3	Business Combinations	1st July 2014
Amendments to MFRS 8	Operating Segments	1st July 2014
Amendments to MFRS 13	Fair Value Measurement	1st July 2014
Amendments to MFRS 116	Annual Improvements to MFRSs 2010 - 2012 Cycle	1st July 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution	1st July 2014
Amendments to MFRS 124	Related Party Disclosures	1st July 2014
Amendments to MFRS 138	Intangible Assets	1st July 2014
Amendments to MFRS 140	Investment Property	1st July 2014
MFRS 9	Financial Instruments	1st January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The amendments to MFRS 9 were issued in November 2009 and October 2010. It replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including market risk (including interest rate risk), credit risk, and liquidity risk. The Group has adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group and of the Company.

Market risk: Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group's investment in financial assets are mainly short term in nature and mostly placed in financial deposits.

Changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of trade receivables as at the end of the reporting period was:

	GROUP	
	2013	2012
	RM	RM
Not past due	24,769,030	8,778,474
Past due 31 to 60 days	2,112,455	2,768,446
Past due 61 to 90 days	373,145	2,079,673
Past due 91 - 120 days	5,989,042	5,211,406
Past due more than 120 days	14,781,871	12,873,864
	48,025,543	31,711,863

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funds for contingent funding requirement of working capital.

Fair values

The fair value of financial instruments refer to the amount at which the instrument could be exchanged for or settled between knowledgeable and willing parties in an arm's length transactions.

The carrying amounts of the financial assets and financial liabilities as reported in the statements of financial position as at 31st December 2013 approximate their fair values of these assets and liabilities because they are either within the normal credit terms or they have short-term maturity period.

Capital Risk Management Policies and Procedures

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, and to maintain an optimal capital structure so as to provide returns for shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes compared to the previous financial year.

The Group is not subject to any externally imposed capital requirements.

4) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

b) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual depreciation rates used are as follows:

	%
Office equipment	20
Furniture and fittings	20
Computers	20
Motor vehicles	20
Moulds	20
Renovation	20

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Subsidiaries and Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group:

(i) has power over the investee;

(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and

(iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Disposal of Subsidiaries

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and their carrying amounts are recognised in profit or loss.

e) Intangible Assets

i) Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and portion of the cash-generating unit retained.

ii) Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The average expected life of the development projects is ten (10) years.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Financial Instruments

i) Initial recognition and measurement

Financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii) Financial instrument categories and subsequent measurement

The Group categories financial instruments as follows:

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Financial Instruments (cont'd)

ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

a) it has been acquired principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as financial liabilities at fair value through profit or loss upon initial recognition if:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Financial Instruments (cont'd)

ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

iii) Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is taken as evidence that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

g) Impairment of Non Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

h) Hire Purchase Arrangement

Assets held under hire purchase are treated as if they had been purchased at cost at the commencement of the hire purchase agreements. These costs are included under property, plant and equipment and depreciation is provided accordingly. The corresponding obligations under hire purchase are included under liabilities. The charges of instalments payable are charged to profit or loss over the period of the hire purchase agreements.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, term deposits and other short term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdraft, if any, are deducted.

l) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

m) Warrants Reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

n) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group in the current and previous financial year ends.

o) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, net of returns, allowances and trade discounts.

Revenue from services are recognised when services are rendered. Revenue represents the invoiced value of services rendered net of discounts and allowances. Interest income is recognised on accrual basis.

Dividend income is recognised when the Group's right to receive payment is established while interest income is recognised on accrual basis.

q) Foreign Currency Conversion

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

r) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

s) Income Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the financial year end.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

4) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s) Income Taxes (cont'd)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported results during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(i) Capitalisation of Development Expenditure

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible assets arising from its sofware application solutions development, which is included in the statements of financial position.

The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the directors to reconsider their assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and the directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(ii) Impairment of investment in subsidiaries

The Group assesses whether there is any indication that investments in subsidiaries may be impaired at each reporting date.

If indicators are present, these assets are subject to impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in subsidiaries is to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst other, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investment to materially exceed their recoverable amount.

(iii) Impairment on receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

6) PROPERTY, PLANT AND EQUIPMENT

GROUP	Office equipment RM	Furniture and fittings RM	Computers RM	Motor vehicles under hire purchase RM	Moulds RM	Renovation RM	Total RM
2013							
Cost							
As at 1st January 2013	635,491	102,752	1,029,554	2,492,062	65,065	470,333	4,795,257
Additions	7,935	-	12,603	-	-	-	20,538
As at 31st December 2013	643,426	102,752	1,042,157	2,492,062	65,065	470,333	4,815,795
Accumulated depreciation							
As at 1st January 2013	523,680	71,258	768,058	1,130,950	48,179	342,068	2,884,193
Charge for the year	42,717	12,503	150,816	359,768	10,735	48,748	625,287
As at 31st December 2013	566,397	83,761	918,874	1,490,718	58,914	390,816	3,509,480
Net book value as at 31st December 2013	77,029	18,991	123,283	1,001,344	6,151	79,517	1,306,315
2012							
Cost							
As at 1st January 2012	602,724	101,727	961,035	2,492,062	65,065	409,433	4,632,046
Additions	32,767	1,025	68,519	-	-	60,900	163,211
As at 31st December 2012	635,491	102,752	1,029,554	2,492,062	65,065	470,333	4,795,257
Accumulated depreciation							
As at 1st January 2012	476,885	55,880	574,963	754,981	35,166	281,683	2,179,558
Charge for the year	46,795	15,378	193,095	375,969	13,013	60,385	704,635
As at 31st December 2012	523,680	71,258	768,058	1,130,950	48,179	342,068	2,884,193
Net book value as at 31st December 2012	111,811	31,494	261,496	1,361,112	16,886	128,265	1,911,064

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6) PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Office equipment RM	Furniture and fittings RM	Computers RM	Motor vehicles under hire purchase RM	Renovation RM	Total RM
2013						
Cost						
As at 1st January 2013	9,398	23,306	11,306	392,180	43,403	479,593
Additions	-	-	4,381	-	-	4,381
As at 31st December 2013	9,398	23,306	15,687	392,180	43,403	483,974
Accumulated depreciation						
As at 1st January 2013	2,595	10,099	3,027	189,553	18,809	224,083
Charge for the year	1,880	4,661	3,064	78,436	8,681	96,722
As at 31st December 2013	4,475	14,760	6,091	267,989	27,490	320,805
Net book value as at 31st December 2013	4,923	8,546	9,596	124,191	15,913	163,169
2012						
Cost						
As at 1st January 2012	4,391	23,306	6,279	392,180	43,403	469,559
Additions	5,007	-	5,027	-	-	10,034
As at 31st December 2012	9,398	23,306	11,306	392,180	43,403	479,593
Accumulated depreciation						
As at 1st January 2012	827	5,438	1,122	111,118	10,127	128,632
Charge for the year	1,768	4,661	1,905	78,435	8,682	95,451
As at 31st December 2012	2,595	10,099	3,027	189,553	18,809	224,083
Net book value as at 31st December 2012	6,803	13,207	8,279	202,627	24,594	255,510

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use with a cost of RM872,145 (2012: RM396,294).

7) INTANGIBLE ASSETS

GROUP	Goodwill on consolidation RM	Development costs RM	Total RM
2013			
Cost			
As at 1st January 2013	19,674,544	11,811,471	31,486,015
Additions	-	2,167,158	2,167,158
As at 31st December 2013	19,674,544	13,978,629	33,653,173
Accumulated amortisation			
As at 1st January 2013	-	3,821,527	3,821,527
Amortisation for the year	-	59,897	59,897
As at 31st December 2013	-	3,881,424	3,881,424
Net carrying amount as at 31st December 2013	19,674,544	10,097,205	29,771,749
2012			
Cost			
As at 1st January 2012	19,674,544	8,845,952	28,520,496
Additions	-	2,965,519	2,965,519
As at 31st December 2012	19,674,544	11,811,471	31,486,015
Accumulated amortisation			
As at 1st January 2012	-	3,833,265	3,833,265
Amortisation for the year	-	(11,738)	(11,738)
As at 31st December 2012	-	3,821,527	3,821,527
Net carrying amount as at 31st December 2012	19,674,544	7,989,944	27,664,488

The recoverable amounts of the goodwill on consolidation and development costs have been determined based on value in use calculations using cash flow projections from financial budget approved by management covering a period of ten (10) years.

Sensitivity to change in assumptions

Management believes that no reasonable possible changes in any of the key assumptions that would cause the carrying values of the cash-generating unit to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8) INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2013	2012
	RM	RM
Unquoted shares - At cost	53,381,000	51,130,000

The amount owing by/(to) subsidiaries arose mainly from advances given and payments made on behalf which are unsecured, interest-free and repayable on demand.

The details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Equity Interest 2013 %	Equity Interest 2012 %	Principal Activities
Direct Subsidiaries				
CSS MSC Sdn. Bhd.	Malaysia	100	100	Provision of business intelligence software and development, IT service and management consultancy and system integration
DDSB (M) Sdn. Bhd.	Malaysia	86	86	Information technology, consultancy services and software development
EASS Sdn. Bhd.	Malaysia	-	100	E-Business consultancy and hardware system integration specialists
Colwyn Bay Technologies Sdn. Bhd. ("CBTSB")	Malaysia	100	-	Investment holding
Indirect Subsidiaries				
EASS Sdn. Bhd. *	Malaysia	100	-	E-Business consultancy and hardware system integration specialists
EA MSC Sdn. Bhd. ^	Malaysia	100	100	Research, design, development, sales & distribution of RFID-based tracking system

* Held through Colwyn Bay Technologies Sdn. Bhd.
^ Held through EASS Sdn. Bhd.

During the financial year, the Group acquired 100% equity interest in CBTSB, a company incorporated in Malaysia, for a total consideration of RM1,000. The effects of the acquisition on the financial results of the Group during the financial year are as follows:

Post-acquisition results of the subsidiary acquired:

	2013
	RM
Other operating expenses	(18,504)
Loss before tax	(18,504)
Income tax expense	-
Decrease in Group's profit attributable to shareholders	(18,504)

8) INVESTMENT IN SUBSIDIARIES (cont'd)

The effect of this acquisition on the financial position of the Group during the financial year is as follows:

	2013 RM
Net assets acquired:	
Cash and bank balances	1,000
Less: Cash and cash balances acquired	(1,000)
Cash flow on acquisition, net of cash and cash equivalents acquired	-

The Company further subscribed for an additional 2,250,000 ordinary shares of RM1 each in CBTSB for a total consideration of RM2,250,000 via capitalisation of amount owing to the Company.

Subsequent to the acquisition of CBTSB, EASS Sdn. Bhd., a wholly owned subsidiary of the Company is placed under CBTSB as a wholly owned subsidiary of CBTSB, with the Company as the ultimate holding company.

9) INVENTORIES

	GROUP	
	2013 RM	2012 RM
At cost:		
Raw materials	120,107	122,335
Finished goods	73,462	171,899
	193,569	294,234

10) TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for services rendered. The credit period granted on services rendered is 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Other receivables and prepaid expenses consist of:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	310,572	5,080	-	-
Deferred costs	42,500	-	42,500	-
Prepaid expenses	5,000	88,204	-	-
Refundable deposits	531,744	1,393,997	24,661	24,661
	889,816	1,487,281	67,161	24,661

The trade and other receivables are all denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11) DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deposits with licensed banks	2,469,692	1,676,100	1,569,733	522,254
Cash and bank balances	6,848,428	5,851,603	12,234	9,319
	9,318,120	7,527,703	1,581,967	531,573

The deposits with licensed banks of the Group and of the Company amounting to RM2,294,333 (2012: RM1,051,100) and RM1,581,967 (2012: RM522,254) respectively are pledged as security for bank guarantee facility granted to the Group. The deposits have maturity periods ranging from 30 days to 365 days (2012: 30 days to 365 days). Deposits of the Group and of the Company earn return at 2.55% to 3.10% (2012: 2.55% to 3.10%) per annum.

The deposit, cash and bank balances are all denominated in Ringgit Malaysia.

12) SHARE CAPITAL

	GROUP AND COMPANY No. of ordinary shares of RM0.10 each		GROUP AND COMPANY Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
As at beginning of financial year	1,000,000,000	500,000,000	100,000,000	50,000,000
Created during the financial year	-	500,000,000	-	50,000,000
As at end of financial year	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid				
As at beginning of financial year	425,176,500	203,451,000	42,517,650	20,345,100
Issued during the financial year	-	221,725,500	-	22,172,550
As at end of financial year	425,176,500	425,176,500	42,517,650	42,517,650

As approved by the shareholders at the Extraordinary General Meeting held on 20th November 2012, the authorised share capital of the Company in 2012 was increased from RM500,000,000 to RM1,000,000,000 by the creation of 500,000,000 new ordinary shares of RM0.10 each.

As approved by the shareholders of the Company at the Extraordinary General Meeting held on 27th December 2011, the issued and paid-up share capital of the Company in 2012 was increased from RM20,345,100 to RM30,517,650 by way of bonus issue of 10,172,550 new ordinary shares of RM0.10 each credited as fully paid-up to the shareholders of the Company on the basis of one new ordinary share for every two existing ordinary shares held through the capitalisation of the share premium account.

Also, as approved by the shareholders via Extraordinary General Meeting held on 20th November 2012, the issued and paid-up share capital of the Company in 2012 was further increased from RM30,517,650 to RM42,517,650 by the allotment of 120,000,000 new ordinary shares of RM0.10 each at RM0.15 per share for the purposes of the acquisition of additional equity interest in a subsidiary company.

All the new shares issued rank pari passu in all respects with the then existing shares of the Company.

12) SHARE CAPITAL (cont'd)

2010/2015 WARRANTS

In 2010, the Company completed the listing of bonus issue of 77,500,500 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each in the Company. Each warrant 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 RM0.59 per warrant.

The exercise price of the warrant was revised downwards from RM0.59 to RM0.40 in 2012 and an additional 38,750,250 warrants was issued pursuant to the adjustment.

All the warrants issued are constituted under a Deed Poll executed by the Company.

The salient features of the warrants are as follows:

a) Each warrant entitles the registered holder, at any time during the exercise period to subscribe for one (1) new ordinary share at an exercise price of RM0.40 each, subject to adjustments in accordance with the provisions of the Deed Poll.

b) The warrants may be exercisable at any time within five (5) years commencing from and including the date of issuance of the warrants and ending 5pm on the expiry date. The expiry date is a day falling immediately before the 5th anniversary of the date of issuance of the warrants and if such date is not a market day, then on the preceding market day.

c) The new ordinary shares to be issued pursuant to the exercise of the warrants upon allotment and issue, rank pari passu in all respect with the existing ordinary shares of the Company except that the new ordinary shares shall not be entitled to any dividend, rights, allotment and/or other distributions that may be declared, made or paid prior to the date of allotment and issuance of the rights shares.

13) RESERVES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non Distributable Reserves:				
Share premium	9,311,952	9,311,952	9,311,952	9,311,952
Warrants reserve	6,119,827	6,119,827	6,119,827	6,119,827
Other reserve:				
Transaction with non-controlling interests	(13,737,745)	(13,737,745)	-	-
Distributable Reserves:				
Retained earnings	24,928,656	15,943,861	1,293,012	2,706,269
	26,622,690	17,637,895	16,724,791	18,138,048

Share premium reserve

The reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share issue expenses.

Warrants reserve

Warrants reserve, which is non-distributable, represents the total value of the free warrants of 77,500,500 computed based on the theoretical fair value of about RM0.08 per warrant, which was arrived at using Black-Scholes option pricing model as at 24th September 2010. The warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14) HIRE PURCHASE CREDITORS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total outstanding	1,434,409	3,844,540	205,720	261,844
Less: Interest-in-suspense outstanding	(170,514)	(327,421)	(20,188)	(32,546)
Principal outstanding	1,263,895	3,517,119	185,532	229,298
Repayable as follows:				
Portion payable within the next 1 year				
(Included in current liabilities)	264,798	2,254,920	46,703	43,766
Portion payable after the next 12 months:				
Payable between 1 and 2 years	251,740	208,208	49,639	46,703
Payable between 2 and 5 years	689,725	827,756	89,190	138,829
Payable after 5 years	57,632	226,235	-	-
	999,097	1,262,199	138,829	185,532
Total	1,263,895	3,517,119	185,532	229,298

The effective interest rates on the hire purchase for the Group and for the Company range from 4.36% to 6.89% (2012: 4.36% to 9.00%) and at 6.01% (2012: 6.01%) per annum respectively.

15) DEFERRED TAX LIABILITIES

	GROUP	
	2013	2012
	RM	RM
Balance as at beginning of the year	67,533	121,313
Recognised in profit or loss (Note 22)	(18,574)	(53,780)
Balance as at end of the year	48,959	67,533

The recognised deferred tax liabilities are made up of temporary difference between tax capital allowances and book depreciation of property, plant and equipment.

16) TRADE PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME

Trade and other payables comprise amounts outstanding for trade and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 90 days.

Accrued expenses and deferred income consist of:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Accrued expenses	947,839	961,675	248,347	617,643
Deferred income	120,000	-	-	-
	1,067,839	961,675	248,347	617,643

The trade and other payables are all denominated in Ringgit Malaysia.

17) BANK BORROWINGS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Revolving credit	2,626,234	1,182,439	-	-
Bank overdraft (Note 24)	1,885,766	2,016,347	986,982	1,013,989
	4,512,000	3,198,786	986,982	1,013,989

As at 31st December 2013, the Group and the Company have bank credit facilities totalling RM17,500,000 (2012: RM17,500,000) and RM7,500,000 (2012: RM7,500,000) respectively obtained from the licensed bank. The facilities bear interest ranging from 1.2% to 8.6% (2012: 1.2% to 8.6%) per annum and are secured by the following:

i) Pledge of fixed deposits of the Company:

ii) Corporate guarantee from the Company; and

iii) Joint and several guarantee by the directors of the Company.

18) AMOUNT OWING TO DIRECTOR

The amount owing to director, which arose mainly from expenses paid on behalf and advances given, which is unsecured, interest-free and repayable on demand.

19) REVENUE

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Information and communications technologies ("ICT") services	61,691,980	14,197,348	-	-
Software solutions	26,062,943	28,262,442	-	-
Biometrics	3,899,580	3,555,521	-	-
Dividend income	-	-	-	1,785,000
	91,654,503	46,015,311	-	1,785,000

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

20) DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive directors:				
Salary and other emoluments	775,860	892,600	-	-
Defined contribution plan	72,837	129,261	-	-
	848,697	1,021,861	-	-
Non-executive directors:				
Fees	63,000	54,000	63,000	54,000
	911,697	1,075,861	63,000	54,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2013	2012
Non-Executive Directors:		
Below RM50,000	3	3

21) FINANCE COSTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest on:				
bank overdraft	280,526	59,671	202,931	51,286
bank guarantee	70,396	-	-	-
hire purchase	160,055	294,668	12,357	15,294
revolving credit	163,162	218,187	-	-
	674,139	572,526	215,288	66,580

22) INCOME TAX EXPENSE

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Estimated current tax payable				
- current year	752,325	253,708	-	-
- overprovision in prior year	(4,106)	(14,477)	-	-
	748,219	239,231	-	-
Deferred tax liabilities (Note 15)	(18,574)	(53,780)	-	-
	729,645	185,451	-	-

A numerical reconciliation of income tax expense and the product of the accounting profit/(loss) multiplied by the applicable statutory income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Accounting profit/(loss)	9,984,910	9,052,937	(1,413,257)	672,306
Tax at the applicable statutory income tax rate of 25%	2,496,228	2,263,235	(353,314)	168,077
Tax effects in respect of:				
Expenses that are not deductible for tax purposes	508,937	146,902	218,427	18,461
Income exempted from tax	(2,239,676)	(2,014,802)	-	(446,250)
Income not subject to tax	(161,573)	(446,250)	-	-
Utilisation of deferred tax assets not recognised previously	(26,528)	(10,593)	-	(1,996)
Deferred tax not recognised	142,968	261,708	134,887	261,708
(Over)/underprovision of deferred tax in prior year	9,289	(14,749)	-	-
Income tax expense	729,645	185,451	-	-

The Company's subsidiaries namely EA MSC Sdn. Bhd., CSS MSC Sdn. Bhd. and DDSB (M) Sdn Bhd. have been awarded Multimedia Super Corridor ("MSC") status by the Government of Malaysia and were granted pioneer status under the Promotion of Investments (Amendment) Act, 1997, which exempt 100% of the statutory business income from taxation for a period of 10 years commencing from 15th May 2008, 2nd July 2009 and 1st October 2003 respectively. The pioneer status granted to DDSB (M) Sdn. Bhd. expired during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

23) EARNINGS PER ORDINARY SHARE

Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2013	2012
Profit attributable to equity holders of the Company (RM)	8,984,795	6,094,579
Number or ordinary shares at beginning of year	425,176,500	172,257,000
Effect of issue of shares during the year	-	146,034,000
Weighted average number of ordinary shares in issue	425,176,500	318,291,000
Basic earnings per share (sen)	2.11	1.91

Diluted

The effect on the diluted earnings per share in 2013 and 2012 arising from the assumed exercise of warrant is anti-dilutive.

24) CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, cash and cash equivalents include deposits, cash and banks balances net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deposits with licensed banks	2,469,692	1,676,100	1,569,733	522,254
Cash and bank balances	6,848,428	5,851,603	12,234	9,319
Bank overdraft (Note 17)	(1,885,766)	(2,016,347)	(986,982)	(1,013,989)
	7,432,354	5,511,356	594,985	(482,416)
Less: Fixed deposits pledged to licensed banks	(2,294,333)	(1,051,100)	(1,581,967)	(522,254)
	5,138,021	4,460,256	(986,982)	(1,004,670)

25) SEGMENTAL INFORMATION

Primary Reporting Format - Business Segments

	ICT services RM	Software solutions RM	Biometrics RM	Investment holding RM	Eliminations RM	Consolidated RM
2013						
REVENUE						
External revenue	61,691,980	26,062,943	3,899,580	-	-	91,654,503
Intersegment revenue	-	1,800,000	480,000	-	(2,280,000)	-
	61,691,980	27,862,943	4,379,580	-	(2,280,000)	91,654,503
RESULTS						
Profit from operations	2,361,189	9,114,781	399,552	(1,216,473)		10,659,049
Finance costs						(674,139)
Profit before tax						9,984,910
Income tax expense						(729,645)
Profit after tax						9,255,265
OTHER INFORMATION						
Segment assets	25,665,614	46,691,127	9,735,057	67,017,471	(59,604,157)	89,505,112
Segment liabilities	17,807,489	11,452,283	3,944,391	2,792,534	(17,915,023)	18,081,674
Capital expenditure	-	2,013,139	170,176	4,381	-	2,187,696
Non-cash expenses						
Depreciation of property, plant and equipment	77,066	415,761	35,738	96,722	-	625,287
Amortisation of intangible assets	-	59,897	-	-	-	59,897
Non-cash expenses other than depreciation and amortisation	-	3,565	-	-	-	3,565

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25) SEGMENTAL INFORMATION (cont'd)

Primary Reporting Format - Business Segments

	ICT services RM	Software solutions RM	Biometrics RM	Investment holding RM	Eliminations RM	Consolidated RM
2012						
REVENUE						
External revenue	14,197,348	28,262,442	3,555,521	-	-	46,015,311
Intersegment revenue	-	840,000	-	1,785,000	(2,625,000)	-
	14,197,348	29,102,442	3,555,521	1,785,000	(2,625,000)	46,015,311
RESULTS						
Profit from operations	921,391	9,588,908	161,278	738,886	(1,785,000)	9,625,463
Finance costs						(572,526)
Profit before tax						9,052,937
Income tax expense						(185,451)
Profit after tax						8,867,486
OTHER INFORMATION						
Segment assets	11,580,734	39,953,734	8,974,925	64,103,019	(54,015,779)	70,596,633
Segment liabilities	7,505,436	13,451,676	3,583,098	3,447,321	(19,577,645)	8,409,886
Capital expenditure	27,218	2,466,301	625,177	10,034	-	3,128,730
Non-cash expenses						
Depreciation of property, plant and equipment	99,703	466,136	43,345	95,451	-	704,635
Amortisation of development costs	-	(11,738)	-	-	-	(11,738)

Secondary Reporting Format - Geographical Segments

The Group has no secondary reporting format as the contribution from foreign operations is not significant compared to the Group's operations.

26) SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the directors of the Group and of the Company.

The remuneration of directors and other members of key management during the year is as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive directors:				
Salary and other emoluments	775,860	892,600	-	-
Defined contribution plan	72,837	129,261	-	-
	848,697	1,021,861	-	-
Non-executive directors:				
Fees	63,000	54,000	63,000	54,000
	911,697	1,075,861	63,000	54,000

27) CORPORATE PROPOSAL

On 25th November 2013, the Company undertook a bonus issue of warrants exercise on the basis of two (2) free warrants for every nine (9) existing ordinary shares of RM0.10 each in the Company. The bonus issue of warrants was completed on 3rd March 2014 with the listing of 94,483,666 warrants on the ACE Market of Bursa Malaysia Securities Berhad.

28) SUPPLEMENTARY INFORMATION

Supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad are as follow:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM	RM	RM	RM
Retained earnings carried forward are analysed as follows:				
Unrealised	(48,959)	(67,533)	-	-
Realised	36,162,143	26,925,450	1,293,012	2,706,269
	36,113,184	26,857,917	1,293,012	2,706,269
Add: Consolidation adjustments	(11,184,528)	(10,914,056)	-	-
Total retained earnings	24,928,656	15,943,861	1,293,012	2,706,269

ANALYSIS OF SHAREHOLDINGS

Shareholding structure as at 6 May 2014

Share Capital

Authorised Share Capital	**RM250,000,000**
Issued and fully paid-up capital	**RM42,517,650**
Class of shares	**Ordinary Shares of RM0.10 each**
Voting Rights	**One vote per share**

DISTRIBUTION OF SHAREHOLDINGS AS AT 6 MAY 2013

	No. of holders	%	No. of shares	%
Less than 100	29	0.71	1,156	0.00
100 - 1,000	81	1.98	34,416	0.01
1,001 - 10,000	837	20.44	6,167,400	1.45
10,001 - 100,000	2,580	63.02	113,368,150	26.66
100,001 and below 5%	566	13.83	225,770,545	53.10
5% and above	1	0.02	79,834,833	18.78
TOTAL	**4,094**	**100.00**	**425,176,500**	**100.00**

SUBSTANTIAL SHAREHOLDER AS AT 6 MAY 2014

	Direct Interest		Deemed Interest	
Name	No. of shares	%	No. of shares	%
Mohammad Sobri bin Saad	79,834,833	18.78	-	-

DIRECTORS' SHAREHOLDING AS AT 6 MAY 2014

	Direct Interest		Deemed Interest	
Name	No. of shares	%	No. of shares	%
Mohammad Sobri bin Saad	79,834,833	18.78	-	-
Basir bin Bachik	410,000	0.10	-	-
Abdul Fattah bin Mohamed Yatim	15	0.00	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-

LIST OF 30 LARGEST SHAREHOLDERS AS AT 6 MAY 2014

NO.	NAME	NO. OF SHARES	%
1	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MOHAMMAD SOBRI BIN SAAD	79,834,833	18.78
2	AFFIN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SYED SHAH REDZA BIN SYED MOHAMED REDZA (SYE0131C)	5,423,256	1.28
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN CHIN SEOH	5,100,000	1.20
4	TAN SOO KHENG	4,400,000	1.03
5	TAN SOON MOI	3,389,559	0.80
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM POAY CHENG (E-BMM)	3,082,500	0.72
7	YEOH THIAM PENG	2,954,000	0.69
8	SIM MUI KHEE	2,800,000	0.66
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : LIM BOON HOOI	2,385,000	0.56
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LAI WENG CHEE @ LAI KOK CHYE	2,370,400	0.56
11	KAM CHOON KEAT	2,021,900	0.48
12	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEONG KAM CHEE (002)	2,000,000	0.47
13	NG SIM KIM	2,000,000	0.47
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN (E-KKU/LBN)	2,000,000	0.47
15	FUZIAH BINTI ATTAN	1,968,300	0.46
16	HLIB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOH ENG SOON	1,800,000	0.42
17	CHEW THING HUE	1,767,800	0.42
18	YAP AI WEI	1,759,500	0.41
19	CHAN KIN HUA	1,711,350	0.40
20	ZAIANUDDIN BIN MOHAMED	1,700,000	0.40
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SONG SOON HEE (470272)	1,500,000	0.35
22	LAI WENG CHEE @ LAI KOK CHYE	1,500,000	0.35
23	LIM KIAN MIN	1,499,950	0.35
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LAW HOE THIAM	1,450,000	0.34
25	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,384,600	0.33
26	HAN KIN SEW	1,300,000	0.31
27	SYED SHAH REDZA BIN SYED MOHAMED REDZA	1,232,562	0.29
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR CHIA AI SENG (M28033)	1,200,000	0.28
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR RAJENDRAN A/L KARUPPIAH	1,185,000	0.28
30	SIOW CHIEW PIN	1,180,000	0.28

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS 'A'

as at 6 May 2014

Type of Securities **Warrants 2010/2015 ("Warrants A")**

Voting Rights **One vote per warrant in respect of a meeting of warrant holders**

DISTRIBUTION OF WARRANTHOLDINGS AS AT 6 MAY 2014

Name	No. of holders	%	No. of warrants	%
Less than 100	76	7.81	4,469	0.00
100 - 1,000	74	7.61	47,764	0.04
1,001 - 10,000	164	16.86	1,016,175	0.87
10,001 - 100,000	463	47.58	22,968,575	19.76
100,001 and below 5%	195	20.04	64,253,675	55.27
5% and above	1	0.10	27,960,092	24.05
TOTAL	**973**	**100.00**	**116,250,750**	**100.00**

DIRECTORS' WARRANTHOLDINGS AS AT 6 MAY 2014

	Direct Interest		Deemed Interest	
Name	No. of warrants	%	No. of warrants	%
Mohammad Sobri bin Saad	27,960,092	24.05	54	0.00
Basir bin Bachik	-	-	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Abdul Fattah bin Mohamed Yatim	7	0.00	-	-

Mohammad Sobri is deemed interested under Section 132(12)(c) of the Companies Act, 1965, by virtue of his spouse, Norazian binti Abdul Kudus' warrantholding in EA Holdings Berhad

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS 'A'

as at 6 May 2014
(cont'd)

LIST OF 30 LARGEST WARRANTHOLDERS 'A' AS AT 6 MAY 2014

NO.	NAME	NO. OF WARRANTS	%
1	MOHAMMAD SOBRI BIN SAAD	27,960,092	24.05
2	SIM MUI KHEE	2,000,000	1.72
3	TAM KOCK KAY @ TAN KOCK KAY	1,843,100	1.59
4	TAM TZE SHEONG	1,565,000	1.35
5	AIBB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YEW WOON FATT	1,229,000	1.06
6	KAM CHOON KEAT	1,200,000	1.03
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WANG MEI CHIAN (REM 107)	1,100,000	0.95
8	NG CHEE SIM	1,000,000	0.86
9	NG THAIM PENG	1,000,000	0.86
10	SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MICHAEL LEE FOOK SOON (SMT)	1,000,000	0.86
11	TEE SOON TACK	930,000	0.80
12	QUEK SER HWA	900,000	0.77
13	THAM YAO JIAN	900,000	0.77
14	KAN KIT SEONG	850,000	0.73
15	CHIN FAH CHOW	800,000	0.69
16	ENG AH KIONG	800,000	0.69
17	SUKHWINDER SINGH A/L HARBANS SINGH	800,000	0.69
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : TEOH JAY JAY (8122912)	747,450	0.64
19	KOK HWA WEI	730,000	0.63
20	LOW KEE CHO	725,000	0.62
21	NG LIAN CHENG	724,000	0.62
22	CHA FUI YEE	650,000	0.56
23	KU CHYE ENG	650,000	0.56
24	MAYBANK NOMINEES (ASING) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR RUSTOM FRAMROZE CHOTHIA	632,900	0.54
25	SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHUA GEOK LEE (SMT)	610,000	0.52
26	TEO AI LAN	610,000	0.52
27	CHA FUI YEE	606,100	0.52
28	WENTY LEW	600,000	0.52
29	LAM SZE AUN	550,000	0.47
30	AYUB BIN ABD AZIZ	500,000	0.43

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS 'B'
as at 6 May 2014

Type of Securities	**Warrants 2014/2019 ("Warrants B")**
Voting Rights	**One vote per warrant in respect of a meeting of warrant holders**

DISTRIBUTION OF WARRANTHOLDINGS AS AT 6 MAY 2014

Name	No. of holders	%	No. of warrants	%
Less than 100	409	14.51	15,220	0.02
100 - 1,000	191	6.78	86,180	0.09
1,001 - 10,000	1,202	42.65	5,496,493	5.82
10,001 - 100,000	856	30.38	27,178,651	28.77
100,001 and below 5%	159	5.64	50,631,619	53.59
5% and above	1	0.04	11,075,503	11.72
TOTAL	**2,818**	**100.00**	**94,483,666**	**100.00**

DIRECTORS' WARRANTHOLDINGS AS AT 6 MAY 2014

	Direct Interest		Deemed Interest	
Name	No. of warrants	%	No. of warrants	%
Mohammad Sobri bin Saad	11,075,503	11.72	-	-
Basir bin Bachik	91,111	0.10	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Abdul Fattah bin Mohamed Yatim	3	0.00	-	-

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS 'B'

as at 6 May 2014
(cont'd)

LIST OF 30 LARGEST WARRANTHOLDERS 'B' AS AT 6 MAY 2014

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MOHAMMAD SOBRI BIN SAAD	11,075,503	11.72
2	AFFIN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SYED SHAH REDZA BIN SYED MOHAMED REDZA (SYE0131C)	2,427,390	2.57
3	MOHD DZULKARNINE BIN ISMAIL	1,827,000	1.93
4	QUEK KIAH SONG	1,571,055	1.66
5	ANG MING ANN	1,511,111	1.60
6	CHIA KOK CHIN	1,445,000	1.53
7	EEO LAY PENG	1,200,000	1.27
8	TAN SOO KHENG	1,150,000	1.22
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LAW HOE THIAM	950,000	1.01
10	LIM CHENG TEN	900,000	0.95
11	TAN SOON MOI	753,235	0.80
12	KONG SIANG WEN	730,000	0.77
13	CHAANG KOK LEONG	700,000	0.74
14	TAN KOK KEAT	700,000	0.74
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM POAY CHENG (E-BMM)	685,000	0.72
16	YEOH THIAM PENG	656,444	0.69
17	LYNCHER WUNG WEI FONG	643,000	0.68
18	SIM MUI KHEE	622,222	0.66
19	LEONG PAK WAH	604,900	0.64
20	NG SIM KIM	600,111	0.64
21	HAW ENG SENG	600,000	0.64
22	TAN KOK KEAT	600,000	0.64
23	YAP GIH THIAM	588,777	0.62
24	GAN CHWEN TECK	500,000	0.53
25	GAN GEOK ENG	500,000	0.53
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TING SING ONG	500,000	0.53
27	WONG WEI CHIEH	500,000	0.53
28	CHEW THING HUE	470,700	0.50
29	KAW KENG WAI	422,222	0.45
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG POK SENG (472710)	400,000	0.42

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Redang Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 25 June 2014 at 10.30 a.m. to transact the following business :

AGENDA

	AS ORDINARY BUSINESS	
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon.	**Resolution 1**
2.	To approve the payment of Directors' fees amounting to RM63,000 for the financial year ended 31 December 2013.	**Resolution 2**
3.	To re-elect the Directors who retire in accordance with Article 86 of the Company's Articles of Association as follows :- (a) Mohammad Sobri Bin Saad (b) Abdul Fattah bin Mohamed Yatim	 **Resolution 3** **Resolution 4**
4.	To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration.	**Resolution 5**
5.	**AS SPECIAL BUSINESS** To consider and, if deemed fit, to pass the following resolution : **Proposed authority to allot shares pursuant to Section 132D of the Companies Act, 1965.** "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 10% of the issued capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."	**Resolution 6**
6.	To transact any other business for which due notice shall have been given.	

By Order of the Board

LAANG JHE HOW (MIA 25193)
Company Secretary

Kuala Lumpur
4 June 2014

Notes:-

1. *A member entitled to attend, speak and vote at the meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act,1965 shall not apply to the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
3. *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
7. *The instrument appointing a proxy or proxies must be completed and deposited at the Registered Office of the Company at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the meeting.*
8. *Only the members whose names appear on the Record of Depositors as at 17 June 2014 shall be entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on their behalf.*

1. **Explanatory notes on Ordinary Business :-**
   Ordinary Resolution 1
   Audited Financial Statement for the financial year ended 31 December 2013

   The item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, the Agenda will not be put forward for voting.

2. **Explanatory notes on Special Business :-**
   Ordinary Resolution 6
   Proposed authority to allot shares pursuant to Section 132D of the Companies Act, 1965.

   The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the Fourth AGM of the Company (hereinafter referred to as the "General Mandate").

   The Company had been granted a general mandate by its shareholders at the Third AGM of the Company held on 28 June 2013 (hereinafter referred to as the "Previous Mandate").

   The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

   The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and / or acquisitions.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Date, Time and Venue of the Fourth Annual General Meeting ("AGM")

The Fourth AGM of the Company will be held as follows :-

Date : Wednesday, 25 June 2014

Time : 10:30 am

Venue : Redang Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur

2. Directors who are standing for re-election at the Fourth AGM

Directors standing for re-election pursuant to Article 86 of the Company's Articles of Association :-

(a) Mohammad Sobri bin Saad
(b) Abdul Fattah bin Mohamed Yatim

The shareholdings of the Directors standing for re-election are disclosed in the Directors' Report under Directors' Interest of this Annual Report and the information on the Directors are disclosed under Directors' Profile on Pages 8 to 10 of this Annual Report.

3. Board Meetings held in the financial year ended 31 December 2013

Five (5) Board Meetings were held during the financial year ended 31 December 2013. A record of the Directors' attendances at the Board Meetings is presented in the "Statement of Corporate Governance" appearing on pages 11 to 14 of this annual report.

4. General Meeting Record of Depositors

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 61(b) of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, a Record of Depositors as of 17 June 2014, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend, speak and/or vote in his/her stead.

EA Holdings Berhad

EA HOLDINGS BERHAD

(878041-A)

- This page has been intentionally left blank -

PROXY FORM FOR ANNUAL GENERAL MEETING

*I/We ______________________________ NRIC/Company no. ______________________________

of ____

being *a member / members of **EA HOLDINGS BERHAD (878041-A)**, do hereby appoint

______________________________ NRIC No. /Passport No. ______________________________

of ____

or failing him/her ______________________________ NRIC No. /Passport No. ______________________________

of ____

or failing *him /her *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fourth Annual General Meeting of the Company to be held at Redang Room, Bukit Jalil Golf & Country Club, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 25 June 2014 at 10.30 a.m. and at any adjournment thereof.

	RESOLUTIONS	**FOR**	**AGAINST**
1.	To receive the Audited Financial Statements for the Financial Year Ended 31 December 2013 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees amounting to RM63,000 for the Financial Year Ended 31 December 2013.		
3.	To re-elect the Director, En. Mohammad Sobri bin Saad, who retires in accordance with Article 86 of the Company's Articles of Association.		
4.	To re-elect the Director, En. Abdul Fattah bin Mohamed Yatim, who retires in accordance with Article 86 of the Company's Articles of Association.		
5.	To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration.		
	AS SPECIAL BUSINESS		
6.	To approve authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please mark with " X " in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

**** Strike out whichever not applicable.***

Signed this___________ day of_____________2014

No. of Shares held___________________________________

____
Signature(s) of Member(s)

____
Affix Company's Seal (if applicable)

Notes:-

1. *A member entitled to attend, speak and vote at the meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act,1965 shall not apply to the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
3. *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
7. *The instrument appointing a proxy or proxies must be completed and deposited at the Registered Office of the Company at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the meeting.*
8. *Only the members whose names appear on the Record of Depositors as at 17 June 2014 shall be entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on their behalf.*

Please fold here

AFFIX
STAMP

THE COMPANY SECRETARY
EA HOLDINGS BERHAD (878041-A)
No. 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Please fold here

Holdings Berhad

EA HOLDINGS BERHAD (878041-A)
Units J-3A-7 & J-3A-8, Level 3A,
Block J, Solaris Mont Kiara,
No. 2, Jalan Solaris,
50480 Kuala Lumpur.

TEL : 603 6204 0050
FAX : 603 6204 0051

www.EAH.com.my