

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2015

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 June 2015	Preceding year corresponding quarter 30 June 2014	Current year to date 30 June 2015	Preceding year corresponding period 30 June 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	5,581	12,150	9,615	24,199
Cost of Sales	<u>(3,684)</u>	<u>(6,324)</u>	<u>(5,966)</u>	<u>(13,587)</u>
Gross Profit	1,897	5,826	3,649	10,612
Other Operating Income	8	4	32	18
Operating Expenses	(2,493)	(2,247)	(5,139)	(4,788)
Depreciation and amortization	<u>(457)</u>	<u>(119)</u>	<u>(856)</u>	<u>(241)</u>
Operating Profit	(1,045)	3,464	(2,314)	5,601
Finance cost	<u>(45)</u>	<u>(48)</u>	<u>(69)</u>	<u>(211)</u>
Profit/(Loss) Before Tax	(1,090)	3,416	(2,383)	5,390
Taxation	<u>-</u>	<u>(565)</u>	<u>-</u>	<u>(729)</u>
Profit/(Loss) After Tax	(1,090)	2,851	(2,383)	4,661
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>(1,090)</u>	<u>2,851</u>	<u>(2,383)</u>	<u>4,661</u>
Profit/(Loss) attributable to :				
Equity holders of the Company	(1,029)	2,740	(2,321)	4,507
Non-controlling interests	<u>(61)</u>	<u>111</u>	<u>(62)</u>	<u>154</u>
	<u>(1,090)</u>	<u>2,851</u>	<u>(2,383)</u>	<u>4,661</u>
Total comprehensive income attributable to :				
Equity holders of the Company	(1,029)	2,740	(2,321)	4,507
Non-controlling interests	<u>(61)</u>	<u>111</u>	<u>(62)</u>	<u>154</u>
	<u>(1,090)</u>	<u>2,851</u>	<u>(2,383)</u>	<u>4,661</u>
Weighted average no. of ordinary shares in issue ('000)	850,354	579,684	850,354	568,468
Earnings/(Loss) per share (sen):-				
a) Basic	(0.12)	0.47	(0.27)	0.79

(i) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.

(ii) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	As at 30 June 2015 (Unaudited) RM'000	As at 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,022	6,709
Intangible Assets - Goodwill on consolidation	30,751	30,751
Intangible Assets - Intellectual Property Rights	3,325	3,413
Intangible Assets - R&D expenditure	11,275	11,155
	<u>53,373</u>	<u>52,028</u>
Current assets		
Inventories	518	475
Receivables	38,589	40,195
Fixed Deposits with licensed banks	3,359	3,181
Cash And Cash Equivalents	24,965	30,671
	<u>67,431</u>	<u>74,522</u>
Total Assets	<u>120,804</u>	<u>126,550</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	85,035	85,035
Share premium	8,072	8,072
Warrants reserve	15,623	15,623
Other reserve	(13,738)	(13,738)
Retained profits	17,686	20,007
	<u>112,678</u>	<u>114,999</u>
Non-controlling interests	2,298	2,360
Total equity	<u>114,976</u>	<u>117,359</u>
Non-current liabilities		
Hire purchase creditors	993	915
Term loans	2,036	1,042
Deferred tax liabilities	405	402
	<u>3,434</u>	<u>2,359</u>
Current liabilities		
Payables	632	3,651
Hire purchase creditors	323	288
Bills payables	-	1,040
Amount due to director	-	12
Term loans	102	148
Provision for taxation	1,337	1,693
	<u>2,394</u>	<u>6,832</u>
Total liabilities	<u>5,828</u>	<u>9,191</u>
Total equity and liabilities	<u>120,804</u>	<u>126,550</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.13</u>	<u>0.14</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	Current year to date 30 June 2015 (Unaudited) RM'000	Preceding year corresponding period 30 June 2014 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	(2,383)	5,390
Adjustments for :-		
Depreciation and amortization	856	241
Interest expenses	69	211
Interest income	(32)	(18)
	<u>893</u>	<u>434</u>
Operating profit before working capital changes	(1,490)	5,824
Changes in working capital		
Net change in directors	(12)	(10)
Net change in inventories	(43)	(80)
Net change in trade and other receivables	1,606	6,355
Net change in trade and other payables	(3,019)	(7,648)
Net cash from operations	<u>(2,958)</u>	<u>4,441</u>
Interest received	32	18
Interest paid	(69)	(211)
Tax paid	(391)	(486)
Net cash used in operating activities	<u>(3,386)</u>	<u>3,762</u>
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	(210)	(400)
Purchase of plant and equipment	(1,953)	-
Placement of fixed deposits	(178)	(423)
Net cash used in investing activities	<u>(2,341)</u>	<u>(823)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Rights Issue	-	42,517
Listing expenses paid	-	(1,234)
Term loans	948	-
Hire Purchase	113	(135)
Bills payable	(1,040)	(1,325)
Net cash generated from financing activities	<u>21</u>	<u>39,823</u>
Net Change in Cash and Cash Equivalents	(5,706)	42,762
Cash and Cash Equivalents at beginning of the period	30,671	4,963
Cash and Cash Equivalents at end of the period	<u><u>24,965</u></u>	<u><u>47,725</u></u>
Represented by :		
Cash and bank balances	24,965	47,725
Bank overdrafts	-	-
	<u><u>24,965</u></u>	<u><u>47,725</u></u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests	Total Equity
	<----- Non-distributable ----->				<Distributable>			
	Share Capital	Share Premium	Warrants Reserve	Other Reserves	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2015	85,035	8,072	15,623	(13,738)	20,007	114,999	2,360	117,359
Profit for the period	-	-	-	-	(2,321)	(2,321)	(62)	(2,383)
Balance as at 30 June 2015	85,035	8,072	15,623	(13,738)	17,686	112,678	2,298	114,976

As at preceding year corresponding quarter 30 June 2014

Balance as at 1 January 2014	42,518	9,312	6,120	(13,738)	24,929	69,141	2,234	71,375
Bonus Issue of Warrants	-	(258)	-	-	-	(258)	-	(258)
Rights Issue	42,517	(976)	9,503	-	(9,503)	41,541	-	41,541
Profit for the period	-	-	-	-	4,507	4,507	154	4,661
Balance as at 30 June 2014	85,035	8,078	15,623	(13,738)	19,933	114,931	2,388	117,319

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

EA HOLDINGS BERHAD (878041-A)

NOTES TO THE QUARTERLY REPORT

PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD ("FRS") 134: INTERIM FINANCIAL REPORTING

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in compliance with International Accounting Standards IAS 34.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Year Ended ("FYE") 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by EA Holdings Berhad ("EAH") and its subsidiaries ("Group") for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB").

A2. Adoption of new and revised accounting policies

The Group has adopted the Malaysian Financial Reporting Standards framework ("MFRS Framework") framework issued by MASB. This MFRS Framework was introduced by the MASB in order to fully converge the Malaysian's existing FRS framework with the International Financial Reporting Standards framework issued by the International Accounting Standard Boards.

The Group has adopted all the new and revised MFRSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 January 2015. The adoption of these new and revised MFRSs, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

A3. Qualification on the Auditors' Report of preceding annual financial statements

There was no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2014.

A4. Seasonal or cyclical factors

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

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

A6. Changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the current financial quarter under review and financial year-to-date.

A7. Issuance or repayment of debt and equity securities

There was no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date.

A8. Dividend paid

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

A9. Segmental information

The Group is organised into the following operating segments:-

- a) ICT services;
- b) Software solutions; and
- c) RFID, access control systems (“ACS”) and building automation system (“BAS”)

Quarter Ended 30 June 2015	ICT Services	Software Solutions	RFID, ACS & BAS	Elimi- nations	Consoli- dated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	3,043	1,962	576	-	5,581
Cost of sales	(2,324)	(1,061)	(299)	-	(3,684)
Segment profit	719	901	277	-	1,897
Loss before taxation					(1,090)
Income tax expenses					-
Loss after tax					(1,090)
Other comprehensive income					-
Total Comprehensive Loss					(1,090)

The Group's segmental information by geographical location is not shown as the activities of the Group are predominantly in Malaysia and the overseas segment does not contribute to more than 1% of the consolidated Group's revenue.

A10. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 30 June 2015.

A12. Capital Expenditure

The major additions and disposals of the property, plant and equipment during the current financial quarter under review and financial year-to-date were as follows:-

	Current Quarter Ended 30 June 2015 RM'000	Cumulative Year-to-Date 30 June 2015 RM'000
Property, plant & equipment: Additions	1,953	1,953

A13. Changes in the composition of the Group

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

A14. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets arising since the last audited financial statements of the Group for the FYE 31 December 2014.

A15. Subsequent material events

Save as disclosed below, there are no material events subsequent to the financial period ended 30 June 2015 that has not been reflected in this interim financial report :

On 18 March 2015, RHB Investment Bank Berhad announced on behalf of the Board of Directors of EAH, that the Company proposes to undertake the following:-

- i. bonus issue of up to 267,356,264 Bonus Shares, to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing EAH Shares held on an entitlement date to be determined later ("Proposed Bonus Issue");
- ii. acquisition by EAH from Chong Mui Fun, Shankar a/l Muniandy, Yong Chee Hon, Dr. Yeoh Seong Mok, Yong Zhen Wei and Yeoh William (collectively referred to as the "Vendors"), for the proposed acquisition of 800,000 ordinary shares of RM1.00 each in Cekap, representing 20% of the equity interest in Cekap for a purchase consideration of RM47,040,000, which will be fully satisfied by the issuance of 470,400,000 EAH Shares at an issue price of RM0.10 per EAH Share ("Proposed Acquisition"); and

- iii. diversification of the existing principal activities of EAH and its subsidiary companies to include mechanical and electrical engineering business and construction project management consultancy business ("Proposed Diversification").

The Proposed Bonus Issue, Proposed Acquisition and Proposed Diversification was completed on 10 July 2015.

A16. Significant related party transactions

There were no related party transactions for the financial year-to-date.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the performance of the Group

For the current financial quarter ended 30 June 2015, the Group recorded revenue of RM5.581 million and loss before tax of RM1.090 million.

Compared to the previous corresponding financial quarter, the Group recorded decrease of RM6.569 million in revenue and increase of RM4.506 million in loss before tax. The weak results for the current financial quarter were mainly attributable to the lack of new major projects for the ICT Services segment and Software Solutions segment. Consequently, the Group recorded a loss before tax as the lower revenue was insufficient to cover the Group's operating and administrative expenses. The Group aims to mitigate this downward trend by expanding its range of products and service deliverables.

Revenue by segment :

	Current financial quarter ended 30 June 2015 (RM'000)	Preceding financial quarter ended 30 June 2014 (RM'000)	Current Financial Year-to-date 30 June 2015 (RM'000)	Preceding Financial Year-to-date 30 June 2014 (RM'000)
ICT Services	3,043	6,009	3,708	14,421
Software Solutions	1,962	5,138	4,317	8,370
RFID, ACS & BAS	576	1,003	1,590	1,408

ICT Services Segment

For current financial quarter and year-to-date, ICT services segment recorded decrease in revenue of RM2.966 million and RM10.713 million respectively as compared to the same periods in the preceding year, which was attributable to lack of new projects completed during the current year.

Software Solutions Segment

For current financial quarter and year-to-date, this segment recorded decrease in revenue of RM3.176 million and RM4.053 million respectively as compared to the same periods in the preceding year. The decrease in revenue is due to lower amount of projects completed and billed.

RFID, Access Control Systems (“ACS”) And Building Automation Systems (“BAS”) Segment

For current financial quarter and year-to-date, this segment recorded decrease in revenue of RM0.427 million as compared to the same financial quarters in the preceding year. For the six (6) month ended 30 June 2015 and 2014, this segment recorded increase of RM0.182 million. The increase in revenue during the year is due to a higher number of new BAS projects completed and billed as compared to the previous financial year.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 June 2015 RM'000	Preceding Quarter 31 March 2015 RM'000
Revenue	5,581	4,034
Loss	(1,090)	(1,293)

Compared to the preceding financial quarter, the Group recorded increase in revenue of RM1.547 million, mainly due to a new projects roll-out from the ICT and Software Solutions segment. The Group reduced its loss before tax by RM0.203 million due to the increase in revenue income.

B3. Prospects for 2015

The National ICT Association of Malaysia (PIKOM) expects the Malaysian ICT industry to register double-digit growth of 14.2% this year compared with 12.5% growth last year. "Despite slower economic growth anticipated in 2015, the industry is expected to register double-digit growth of 14.2% while providing a healthy increase in salaries for ICT professionals and positive prospects for future job-seekers in many niche areas. ICT continues to be a major job market for the country. For 2014, the industry grew by a robust 12.5%," PIKOM chairman Cheah Kok Hoong said in a statement yesterday following the launch of its 2014 ICT Job Market Outlook Report.

Despite the external environment and recent developments in the global and domestic economy, the report indicates that the Malaysian ICT industry remains robust – driven by intensification of the digitisation processes in transformation projects and capital intensive corridor projects as well as the consumption, investment and trading of ICT products and services.

(Source: The Sun Daily – 12 July 2015)

B4. Profit forecast and profit estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 30 June 2015 RM'000	Cumulative Year-to-Date 30 June 2015 RM'000
Current tax	-	-
	-	-

For the current financial quarter and cumulative financial quarter, no taxation was provided as the Group was in a tax loss position. The effective tax rate of the Group is nil for both the current financial and cumulative quarter respectively.

B6. Status of corporate proposals

There are no corporate proposals announced but not completed as at the date of issuance of this interim financial report.

B7. Status of utilisation of proceeds

The status of utilisation of the gross proceeds of RM42.518 million from the Rights Issue by the Company as at 30 June 2015 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
Future viable investments	30,000	18,000	12,000	-	Within 24 months from completion	
Repayment of borrowings	4,290	4,290	-	-	Within 24 months from completion	
Working capital	7,428	5,252	2,000	176	Within 24 months from	Being the additional rights issue

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation completion	Explanation
Rights Issue expenses	800	976	-	(176)	Upon completion	expenses of RM176,000 incurred
Total	42,518	28,518	14,000	-		

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 June 2015 and the preceding year corresponding quarter ended 30 June 2014, is as follows :-

	Group Quarter Ended 30 June 2015 RM'000	Group Quarter Ended 30 June 2014 RM'000
Total retained profits of the Group:		
- Realised	31,262	31,321
- Unrealised (in respect of deferred tax recognised in the income statement)	(405)	(49)
	<u>30,857</u>	<u>31,272</u>
Less : Consolidation adjustments	(13,171)	(11,339)
Total Group retained profits as per consolidated accounts	<u>17,686</u>	<u>19,933</u>

	Company Quarter Ended 30 June 2015 RM'000	Company Quarter Ended 30 June 2014 RM'000
Total retained profits of the Company :		
- Realised	9,871	473
- Unrealised (in respect of deferred tax recognised in the income statement)	-	-
Total Company's retained profits as per accounts	<u>9,871</u>	<u>473</u>

B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2015 are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Term Loans	102	2,036
Hire Purchase Creditors	323	993
	<u>425</u>	<u>3,029</u>

B10. Material Litigation

There was no material litigation since the last annual statement of financial position of the Group up to the date of this interim financial report.

B11. Dividends

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

B12. Profit for the period

	Current Quarter Ended 30 June 2015 RM'000	Cumulative Year-to-Date 30 June 2015 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	8	32
Interest expenses	(45)	(71)
Depreciation and amortization	(856)	(457)

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

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

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(1,029)	2,740	(2,321)	4,507
Weighted average number of shares in issue ('000)	850,353	425,177	850,353	425,177
Effect of issuance of shares pursuant to Rights Issue ('000)	N/A	154,507	N/A	143,291
Adjusted weighted average number of shares in issue ('000)	850,353	579,684	850,353	568,468
Basic (loss)/ earnings per share (sen)	(0.12)	0.47	(0.27)	0.79

(b) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(1,029)	2,740	(2,321)	4,507
Weighted average number of shares in issue ('000)	850,353	579,684	850,353	568,468

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Effect of dilution on assumed exercise of warrants ('000)	N/A *	3,308	N/A *	2,353
Adjusted weighted average number of shares in issue ('000)	850,353	582,992	850,353	570,821
Diluted (loss)/earnings per share (sen)	(0.12)	0.47	(0.27)	0.79

(*) *Diluted earnings per share is not applicable as the unexercised convertible warrants were anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of the warrants during the financial quarter.*

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 28 August 2015