

EA HOLDINGS BERHAD (878041-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current year quarter 30 September 2017	Preceding year corresponding quarter 30 September 2016	Current year to date 30 September 2017	Preceding year corresponding period 30 September 2016
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	4,577	3,622	8,623	11,849
Cost of Sales	<u>(2,013)</u>	<u>(2,798)</u>	<u>(3,711)</u>	<u>(9,218)</u>
<b>Gross Profit</b>	2,564	824	4,912	2,631
Other Operating Income	58	16	112	85
Operating Expenses	(2,958)	(2,973)	(5,945)	(5,840)
Depreciation and amortization	<u>(401)</u>	<u>(591)</u>	<u>(956)</u>	<u>(1,174)</u>
Operating Loss	(737)	(2,724)	(1,877)	(4,298)
Share of associate's results	1,127	2,289	2,462	3,916
Finance cost	<u>(61)</u>	<u>(92)</u>	<u>(84)</u>	<u>(120)</u>
<b>Profit/(Loss) Before Tax</b>	329	(527)	501	(502)
Taxation	<u>(144)</u>	<u>-</u>	<u>(144)</u>	<u>(1)</u>
<b>Profit/(Loss) After Tax</b>	185	(527)	357	(503)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<u><b>185</b></u>	<u><b>(527)</b></u>	<u><b>357</b></u>	<u><b>(503)</b></u>
<b>Profit/(Loss) attributable to :</b>				
Equity holders of the Company	208	(451)	423	(342)
Non-controlling interests	<u>(23)</u>	<u>(76)</u>	<u>(66)</u>	<u>(161)</u>
	<u><b>185</b></u>	<u><b>(527)</b></u>	<u><b>357</b></u>	<u><b>(503)</b></u>
<b>Total comprehensive income/(loss) attributable to :</b>				
Equity holders of the Company	208	(451)	423	(342)
Non-controlling interests	<u>(23)</u>	<u>(76)</u>	<u>(66)</u>	<u>(161)</u>
	<u><b>185</b></u>	<u><b>(527)</b></u>	<u><b>357</b></u>	<u><b>(503)</b></u>
Weighted average no. of ordinary shares in issue ('000)	1,490,828	1,490,828	1,490,828	1,490,828
Earnings/(Loss) per share (sen):-				
a) Basic	0.01	(0.03)	0.03	(0.02)

^ As at 30 September 2017, Cepak Air Sdn Bhd recorded unaudited profit after tax of RM12.309 million.  
The Group's share of profit is based on 20% of equity in Cepak Air Sdn Bhd.

- (i) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (ii) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FYE") 31 March 2017 and the accompanying explanatory notes attached to the interim financial report.

**EA HOLDINGS BERHAD (878041-A)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

	As at 30 September 2017 (Unaudited) RM'000	As at 31 March 2017 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,974	6,557
Investment in Associate Company	59,660	57,198
Intangible Assets - Goodwill on consolidation	11,877	11,877
Intangible Assets - Intellectual Property Rights	2,931	3,019
Intangible Assets - Development costs	6,510	6,875
	<u>86,952</u>	<u>85,526</u>
<b>Current assets</b>		
Inventories	687	394
Receivables	31,189	33,996
Amount owing by Associate Company	1,155	1,347
Fixed Deposits with licensed banks	3,753	3,753
Cash And Cash Equivalents	18,003	17,096
	<u>54,787</u>	<u>56,586</u>
<b>Total Assets</b>	<u>141,739</u>	<u>142,112</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	104,467	149,083
Warrants reserve	9,503	9,503
Other reserves	(1,612)	(13,738)
Retained earnings/(Accumulated losses)	20,441	(12,472)
	<u>132,799</u>	<u>132,376</u>
Non-controlling interests	175	241
<b>Total equity</b>	<u>132,974</u>	<u>132,617</u>
<b>Non-current liabilities</b>		
Hire purchase creditors	501	613
Term loans	1,798	1,840
Deferred tax liabilities	137	137
	<u>2,436</u>	<u>2,590</u>
<b>Current liabilities</b>		
Payables	3,702	2,743
Hire purchase creditors	181	246
Bills payable	974	2,465
Amount due to director	-	104
Term loans	98	112
Provision for taxation	1,374	1,235
	<u>6,329</u>	<u>6,905</u>
<b>Total liabilities</b>	<u>8,765</u>	<u>9,495</u>
<b>Total equity and liabilities</b>	<u>141,739</u>	<u>142,112</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.09</u>	<u>0.09</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 31 March 2017 and the accompanying explanatory notes attached to the interim financial report.

**EA HOLDINGS BERHAD (878041-A)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	Current year to date 30 September 2017 (Unaudited) RM'000	Preceding year corresponding period 30 September 2016 (Unaudited) RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	501	(502)
Adjustments for :-		
Depreciation and amortization	956	1,174
Share of associate's results	(2,462)	(3,916)
Interest expenses	84	120
Interest income	(37)	(25)
	<u>(1,459)</u>	<u>(2,647)</u>
<b>Operating profit before working capital changes</b>	<b>(958)</b>	<b>(3,149)</b>
Changes in working capital		
Net change in directors	(104)	(12)
Net change in associate company	192	3,725
Net change in inventories	(293)	(1,103)
Net change in trade and other receivables	2,807	5,139
Net change in trade and other payables	959	(1,061)
<b>Net cash from operations</b>	<b>2,603</b>	<b>3,539</b>
Interest received	37	25
Interest paid	(84)	(120)
Tax paid	(6)	(463)
<b>Net cash generated from operating activities</b>	<b>2,550</b>	<b>2,981</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase)/Disposal of plant and equipment	81	(289)
Placement of fixed deposits	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>81</b>	<b>(289)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term loans	(56)	(4)
Hire Purchase	(177)	86
Bills payable	(1,491)	(56)
<b>Net cash used in financing activities</b>	<b>(1,724)</b>	<b>26</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>907</b>	<b>2,718</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>17,096</b>	<b>15,868</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>18,003</b>	<b>18,586</b>
<b>Represented by :</b>		
Cash and bank balances	18,003	18,586
	<u>18,003</u>	<u>18,586</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 31 March 2017 and the accompanying explanatory notes attached to the interim financial report.

**EA HOLDINGS BERHAD (878041-A)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests	Total Equity
	<----- Non-distributable ----->				<Distributable>			
	Share Capital	Share Premium	Warrants Reserve	Other Reserves	Accumulated Losses	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 April 2017	149,083	-	9,503	(13,738)	(12,472)	132,376	241	<b>132,617</b>
Share capital reduction on 12 September 2017	(44,616)	-	-	12,126	32,490	-	-	-
Profit for the period	-	-	-	-	423	423	(66)	<b>357</b>
<b>Balance as at 30 September 2017</b>	<b>104,467</b>	<b>-</b>	<b>9,503</b>	<b>(1,612)</b>	<b>20,441</b>	<b>132,799</b>	<b>175</b>	<b>132,974</b>
Balance as at 1 April 2016	149,083	1	9,503	(13,738)	(15,304)	129,545	204	<b>129,749</b>
Loss for the period	-	-	-	-	(342)	(342)	(161)	<b>(503)</b>
<b>Balance as at 30 September 2016</b>	<b>149,083</b>	<b>1</b>	<b>9,503</b>	<b>(13,738)</b>	<b>(15,646)</b>	<b>129,203</b>	<b>43</b>	<b>129,246</b>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 31 March 2017 and the accompanying explanatory notes attached to the interim financial report.

## **EA HOLDINGS BERHAD (878041-A)**

### **NOTES TO THE QUARTERLY REPORT**

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

##### **A1. Accounting policies and methods of computation**

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

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Year Ended ("FPE") 31 March 2017 and the accompanying explanatory notes attached to the interim financial report.

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

##### **A2. Adoption of new and revised accounting policies**

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

The Group has adopted all the new and revised MFRSSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 April 2017. The adoption of these new and revised MFRSSs, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

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

There was no audit qualification to the annual audited financial statements of the Group for the FYE 31 March 2017.

**A4. Seasonal or cyclical factors**

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

**A5. Unusual Items**

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

**A6. Changes in estimates of amounts reported**

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

**A7. Issuance or repayment of debt and equity securities**

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

- a) A capital reduction exercise via the reduction and cancellation of the share capital of EAH which is lost or unrepresented by available assets to the extent of RM44,615,533 as at 31 December 2016 pursuant to Section 115(a) read with Section 116 of the CA 2016 ("Proposed Capital Reduction") was completed on 12 September 2017.

As at 30 September 2017, 147,332,186 Warrants B and 255,105,900 Warrants C have not been exercised.

**A8. Dividend paid**

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

**A9. Segmental information**

The Group is organised into the following operating segments:-

- a) ICT services;
- b) Software solutions; and
- c) Automation systems comprising RFID, access control systems, building automation system and industrial security system

<b>Quarter Ended 30 September 2017</b>	<b>ICT Services RM'000</b>	<b>Software Solutions RM'000</b>	<b>Automation Systems RM'000</b>	<b>Elimi- nations RM'000</b>	<b>Consoli- dated RM'000</b>
Revenue from external customers	1,125	1,864	1,588	-	4,577
Cost of sales	(585)	(770)	(661)	-	(2,013)
Segment profit	543	1,094	927	-	2,564
Share of associate's results					1,127
Profit before taxation					329
Income tax expenses					(144)
<b>Profit after tax</b>					185
Other comprehensive income					-
<b>Total Comprehensive Income</b>					185

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 September 2017.

#### **A12. Capital Expenditure**

There was no major addition and disposal of the property, plant and equipment during the current financial quarter under review and financial year-to-date.

**A13. Changes in the composition of the Group**

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

**A14. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets arising since the last audited financial statements of the Group for the FYE 31 March 2017.

**A15. Subsequent material events**

Save as disclosed below, there are no material events subsequent to the financial period ended 30 September 2017 that has not been reflected in this interim financial report :-

- a) The renounceable rights issue of up to 2,524,354,400 new ordinary shares in EAH ("EAH Share(s)") ("Rights Share(s)") at an indicative issue price of RM0.02 per Rights Share on the basis of four (4) Rights Shares for every three (3) existing EAH Shares held, together with up to 1,262,177,200 free detachable warrants in EAH ("Warrant(s) D") on the basis of two (2) free Warrants D for every four (4) Rights Shares subscribed for was completed on 1 November 2017.

**A16. Significant related party transactions**

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



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

**B1. Review of the performance of the Group**

	Individual Period 2nd quarter				Cumulative Period			
	Current Year Quarter 30.09.17 (RM'000)	Preceding Year Corresponding Quarter 30.09.16 (RM'000)	Changes		Current Year To-Date 30.09.17 (RM'000)	Preceding Year Corresponding Period 30.09.16 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
Revenue	4,577	3,622	955	26.4	8,623	11,849	(3,226)	(27.2)
Operating Loss	(737)	(2,724)	1,987	(72.9)	(1,877)	(4,298)	2,421	(56.3)
Share of associate's results	1,127	2,289	(1,162)	(50.8)	2,462	3,916	(1,454)	(37.1)
Profit/(Loss) before tax	329	(527)	856	(162.4)	501	(502)	1,003	(199.8)
Profit/(Loss) after tax	185	(527)	712	(135.1)	357	(503)	860	(171.0)
Profit/(Loss) attributable to Equity holders of the Company	208	(451)	659	(146.1)	423	(342)	765	(223.7)

For the current financial quarter ended 30 September 2017, the Group recorded revenue of RM4.577 million and profit before tax of RM0.329 million. This marked an improvement from the results recorded in the same period last year, which was loss before tax of RM0.527 million. Similarly, for the financial-year-to-date the Group recorded a turnaround of profit before tax of RM0.501 million compared to loss of RM0.502 million in previous year. The improvement in results were due to decrease in depreciation and amortization cost and lower cost of sales as the revenue for the current financial year comprised mainly of training and services, and hence did not require high external input/costs.

**Revenue by segment :**

	Individual Period 2nd quarter				Cumulative Period			
	Current Year Quarter 30.09.17 (RM'000)	Preceding Year Corresponding Quarter 30.09.16 (RM'000)	Changes		Current Year To-Date 30.09.17 (RM'000)	Preceding Year Corresponding Period 30.09.16 (RM'000)	Changes	
			(RM'000)	(%)			(RM'000)	(%)
ICT Services	1,125	1,162	(37)	(3.2)	2,149	6,927	(4,778)	(69.0)
Software Solutions	1,864	1,510	354	23.4	3,844	2,774	1,070	38.6
Automation systems	1,588	950	638	67.2	2,630	2,148	482	22.4
Total	4,577	3,622	955	26.4	8,623	11,849	(3,226)	(27.2)

**ICT Services Segment**

For current financial quarter, ICT services contributed 24.6% of the Group's revenue. For the financial-year-to-date, ICT services recorded decrease of RM4.778 million as compared to the same period last year, mainly due to different billing milestones achieved for the various projects.

### **Software Solutions Segment**

For current financial quarter, Software Solutions contributed 40.7% of the Group's revenue. For the financial-year-to-date, Software Solutions recorded increase of RM1.070 million as compared to the same period last year, due to higher value of new projects undertaken for the current financial year.

### **Automation Systems Segment**

For current financial quarter, Automation Systems contributed 34.7% of the Group's revenue. For the financial-year-to-date, Automation Systems recorded increase of RM0.482 million as compared to the same period last year, due to higher sales orders and new projects starting during the current financial year.

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

	<b>Current Year Quarter 30.09.17 (RM'000)</b>	<b>Immediate Preceding Quarter 30.06.17 (RM'000)</b>	<b>Changes</b>	
			<b>(RM'000)</b>	<b>(%)</b>
Revenue	4,577	4,046	531	13.1
Operating (Loss)	(737)	(1,139)	402	(35.3)
Share of associate's results	1,127	1,335	(208)	(15.6)
Profit before tax	329	173	156	90.2
Profit after tax	185	173	12	6.9
Profit attributable to Equity holders of the Company	208	215	(7)	(3.3)

Compared to the preceding financial quarter, the increase in revenue is mainly due to higher deliverables and billings for the Software Solutions and Automation Systems segments. As the Group continues to work on and complete its remaining projects in hand, the Group is also waiting for several new projects to be awarded and to commence work.

## **B3. Prospects for 2017/2018**

The outlook for the ICT market is still very uncertain as there is no discernible pattern on the spending by both the public and private sectors. For the Group, we are currently bidding for projects with an aggregated value of approximately RM96 million, with our chances of winning ranging from 10% to 90%. This is a constantly revolving amount as the tender bids/discussions are lost and/or dropped during year and be replaced with new tenders and project targets.

**B4. Profit forecast and profit estimate**

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

**B5. Taxation**

	<b>Current Quarter Ended 30 September 2017 RM'000</b>	<b>Cumulative Year-to-Date 30 September 2017 RM'000</b>
Current tax	144	144
	<u>144</u>	<u>144</u>

For the current financial quarter and cumulative financial quarter, the effective tax rate of the Group is 43.8% and 28.7% for the current financial and cumulative quarter respectively. The effective tax rates are higher than the statutory rates due to the mixture of results of the subsidiary companies in the Group.

**B6. Status of corporate proposals**

As at the date of issuance of this interim financial report, there are no corporate proposals announced but not completed.

**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 September 2017 are as follows:-

<b>Purposes</b>	<b>Proposed Utilisation RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Deviation RM'000</b>	<b>Intended Timeframe for Utilisation</b>	<b>Explanation</b>
Future viable investments	30,000	19,000	11,000	-	Within 24 months from completion	
Repayment of borrowings	4,290	4,290	-	-	Within 24 months from completion	
Working capital	7,428	7,252	-	176	Within 24 months	Being the additional

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation from completion	Explanation
Rights Issue expenses	800	976	-	(176)	Upon completion	rights issue expenses of RM176,000 incurred
<b>Total</b>	<b>42,518</b>	<b>31,518</b>	<b>11,000</b>	<b>-</b>		

### B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 30 September 2017 and the preceding year corresponding quarter ended 30 September 2016, is as follows :-

	Quarter Ended 30 September 2017 (RM'000)	Quarter Ended 30 September 2016 (RM'000)
<b>Total accumulated loss of the Group</b>		
- Realised	5,199	(37,093)
- Unrealised	(137)	(239)
	<u>5,062</u>	<u>(37,332)</u>
Total share of retained earnings from associate :		
- Realised	12,620	6,395
	<u>17,682</u>	<u>(30,937)</u>
Less : Consolidation adjustments	2,759	15,291
<b>Total Group accumulated loss as per consolidated accounts</b>	<u>20,441</u>	<u>(15,646)</u>

### B9. Group borrowings and debt securities

The Group's borrowings as at 30 September 2017 are as follows:-

	Short Term RM'000	Long Term RM'000
<b><u>Secured</u></b>		
Bill payables	974	-
Term Loans	98	1,798
Hire Purchase Creditors	181	501
	<u>1,253</u>	<u>699</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**

	<b>Current Quarter Ended 30 September 2017 RM'000</b>	<b>Cumulative Year-to-Date 30 September 2017 RM'000</b>
This is arrived at after (charging) /crediting:-		
Interest income	23	37
Interest expenses	(61)	(84)
Depreciation and amortization	(401)	(956)

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

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

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 30 September 2017</b>	<b>Preceding Year Corresponding Quarter 30 September 2016</b>	<b>Current Year-To-Date 30 September 2017</b>	<b>Preceding Year Corresponding Period 30 September 2016</b>
Profit attributable to the equity holders of the Company (RM'000)	208	(451)	423	(342)
Weighted average number of shares in issue ('000)	1,490,828	1,490,828	1,490,828	1,490,828
Basic earnings/(loss) per share (sen)	0.01	(0.03)	0.03	(0.02)

(b) Diluted earnings per share

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

By Order of the Board

Laang Jhe How (MIA 25193)  
(Company Secretary)

Date: 30 November 2017