

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016**

	----- Individual Quarter -----		
	Current year quarter 31 March 2016 RM'000	Preceding year corresponding quarter 31 March 2015 RM'000	Cumulative Current period to date 31 March 2016 RM'000
Revenue	13,111	4,034	35,897
Cost of Sales	<u>(17,824)</u>	<u>(2,282)</u>	<u>(33,236)</u>
Gross (Loss)/Profit	(4,713)	1,752	2,661
Other Operating Income	125	24	170
Operating Expenses	(20,309)	(2,646)	(32,642)
Depreciation and amortization	<u>(794)</u>	<u>(399)</u>	<u>(2,541)</u>
Operating Loss	(25,691)	(1,269)	(32,352)
Share of associate's results ^	618	-	2,479
Finance cost	<u>(197)</u>	<u>(24)</u>	<u>(461)</u>
Loss Before Tax	(25,270)	(1,293)	(30,334)
Taxation	<u>(259)</u>	<u>-</u>	<u>(259)</u>
Loss After Tax	(25,529)	(1,293)	(30,593)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	<u>(25,529)</u>	<u>(1,293)</u>	<u>(30,593)</u>
Loss attributable to :			
Equity holders of the Company	(24,772)	(1,292)	(29,669)
Non-controlling interests	<u>(757)</u>	<u>(1)</u>	<u>(924)</u>
	<u>(25,529)</u>	<u>(1,293)</u>	<u>(30,593)</u>
Total comprehensive loss attributable to :			
Equity holders of the Company	(24,772)	(1,292)	(29,669)
Non-controlling interests	<u>(757)</u>	<u>(1)</u>	<u>(924)</u>
	<u>(25,529)</u>	<u>(1,293)</u>	<u>(30,593)</u>
Weighted average no. of ordinary shares in issue ('000)	1,490,827	850,354	1,223,961
Earnings/(Loss) per share (sen):-			
a) Basic	(1.66)	(0.15)	(2.42)

^ As at 31 March 2016, Cekap Air Sdn Bhd recorded unaudited profit after tax of RM18.167 million.
The Group's share of profit is based on 20% of equity in Cekap 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 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 31 MARCH 2016**

	As at 31 March 2016 (Unaudited) RM'000	As at 31 December 2014 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,536	6,709
Investment in Associate Company	49,519	-
Intangible Assets - Goodwill on consolidation	16,400	30,751
Intangible Assets - Intellectual Property Rights	3,194	3,413
Intangible Assets - R&D expenditure	8,367	11,155
	<u>85,016</u>	<u>52,028</u>
Current assets		
Inventories	869	475
Receivables	34,170	40,195
Amount due from associate company	4,551	-
Fixed Deposits with licensed banks	3,564	3,181
Cash And Cash Equivalents	12,385	30,671
	<u>55,539</u>	<u>74,522</u>
Total Assets	<u><u>140,555</u></u>	<u><u>126,550</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	149,082	85,035
Share premium	- [^]	8,072
Warrants reserve	9,503	15,623
Other reserve	(13,738)	(13,738)
Retained profits/(Accumulated loss)	(13,422)	20,007
	<u>131,425</u>	<u>114,999</u>
Non-controlling interests	756	2,360
Total equity	<u>132,181</u>	<u>117,359</u>
Non-current liabilities		
Hire purchase creditors	727	915
Term loans	1,946	1,042
Deferred tax liabilities	405	402
	<u>3,078</u>	<u>2,359</u>
Current liabilities		
Payables	2,823	3,651
Hire purchase creditors	344	288
Bills payables	1,082	1,040
Amount due to director	12	12
Term loans	105	148
Provision for taxation	930	1,693
	<u>5,296</u>	<u>6,832</u>
Total liabilities	<u>8,374</u>	<u>9,191</u>
Total equity and liabilities	<u><u>140,555</u></u>	<u><u>126,550</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.09</u>	<u>0.14</u>
[^] less than RMI,000		

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 PERIOD ENDED 31 MARCH 2016**

	Current year to date 31 March 2016 (Unaudited) RM'000	Preceding year corresponding period 31 March 2015 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss Before Taxation	(30,334)	(1,293)
Adjustments for :-		
Depreciation and amortization	2,541	399
Share of associate's results	(2,479)	-
Interest expenses	461	24
Interest income	(143)	(24)
Impairment on goodwill	14,351	-
Impairment on development cost	1,957	-
	<u>16,688</u>	<u>399</u>
Operating loss before working capital changes	(13,646)	(894)
Changes in working capital		
Net change in directors	-	(12)
Net change in amount due from associates	(4,551)	-
Net change in inventories	(394)	(103)
Net change in trade and other receivables	6,025	468
Net change in trade and other payables	(828)	(1,518)
Net cash used in operations	(13,394)	(2,059)
Interest received	143	24
Interest paid	(461)	(24)
Tax paid	(659)	(176)
Net cash used in operating activities	(14,371)	(2,235)
CASH FLOW FROM INVESTING ACTIVITIES		
R&D expenditure paid	-	(172)
Purchase of plant and equipment	(2,319)	-
Placement of fixed deposits	(383)	(200)
Net cash used in investing activities	(2,702)	(372)
CASH FLOW FROM FINANCING ACTIVITIES		
Listing expenses paid	(944)	-
Term loans	861	(1)
Hire Purchase	(132)	(71)
Bills payable	42	(1,040)
Net cash used in financing activities	(173)	(1,112)
Net Change in Cash and Cash Equivalents	(17,246)	(3,719)
Cash and Cash Equivalents at beginning of the period	29,631	30,671
Cash and Cash Equivalents at end of the period	<u>12,385</u>	<u>26,952</u>
Represented by :		
Cash and bank balances	12,385	26,952
Bank overdrafts	-	-
	<u>12,385</u>	<u>26,952</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 PERIOD ENDED 31 MARCH 2016**

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests	Total Equity
	<----- Non-distributable ----->				<Distributable>			
	Share Capital	Share Premium	Warrants Reserve	Other Reserves	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2015	85,035	8,072	15,623	(13,738)	20,007	114,999	2,360	117,359
Investment in associate company	47,040	-	-	-	-	47,040	-	47,040
Bonus Issue	17,007	(8,072)	-	-	(9,880)	(945)	-	(945)
Warrants Conversion	^	-	-	-	-	^	-	^
Expiry of Warrants A	-	-	(6,120)	-	6,120	-	-	-
Loss for the period	-	-	-	-	(29,669)	(29,669)	(1,604)	(31,273)
Balance as at 31 March 2016	149,082	-	9,503	(13,738)	(13,422)	131,425	756	132,181
As at preceding year corresponding quarter 31 March 2016								
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	(982)	9,503	-	(9,503)	41,535	-	41,535
Profit for the period	-	-	-	-	4,581	4,581	126	4,707
Balance as at 31 March 2015	85,035	8,072	15,623	(13,738)	20,007	114,999	2,360	117,359

^ less than RM1,000

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

As announced on 23 December 2015, the Group has changed its financial year end from 31 December 2015 to 31 March 2016. Accordingly, the current financial period covers a fifteen (15) months period from 1 January 2015 to 31 March 2016.

A2. Accounting policies and methods of computation

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

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial 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").

A3. Adoption of new and revised accounting policies

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

The Group has adopted all the new and revised MFRSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 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.

A4. Qualification on the Auditors' Report of preceding annual financial statements

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

A5. Seasonal or cyclical factors

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

A6. Unusual Items

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

A7. Changes in estimates of amounts reported

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

A8. Issuance or repayment of debt and equity securities

Save as disclosed below, there were 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:-

- i. On 7 July 2015, pursuant to the Bonus Issue of one (1) Bonus Share for every five (5) existing EAH Shares held, 170,070,600 Bonus Shares, additional 30,212,649 Warrants A, additional 24,555,364 Warrants B and additional 42,517,650 Warrants C consequential to the Bonus Issue were issued.
- ii. On 10 July 2015, 470,400,000 new EAH Shares were issued pursuant to the acquisition of 800,000 ordinary shares of RM1.00 each in Cepak Air Sdn Bhd (“Cepak”).
- iii. On 14 December 2015, 4,116 new EAH shares were issued arising from the exercise of the Company’s Warrants A 2010/2015 (“Warrants A”). The Warrants A had expired on 7 December 2015.

As at 31 March 2016, no Warrants B or C had been exercised.

A9. Dividend paid

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

A10. Segmental information

The Group is organised into the following operating segments:-

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

Quarter Ended 31 March 2016	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	9,073	1,500	2,538	-	13,111
Cost of sales	(10,561)	(4,471)	(2,792)	-	(17,824)
Segment loss	(1,488)	(2,971)	(254)	-	(4,713)
Share of associate's results					618
Loss before taxation					(25,270)
Income tax expenses					(259)
Loss after tax					(25,529)
Other comprehensive income					-
Total Comprehensive Loss					(25,529)

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

A11. Valuation of property, plant and equipment

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

A12. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 March 2016.

A13. Capital Expenditure

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

	Current Quarter Ended 31 March 2016 RM'000	Cumulative Period-to-Date 31 March 2016 RM'000
Property, plant & equipment: Additions	248	2,319

A14. Changes in the composition of the Group

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

A15. Contingent liabilities and contingent assets

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

A16. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 2016 that has not been reflected in this interim financial report.

A17. Significant related party transactions

There were no related party transactions for the financial period-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 31 March 2016, the Group recorded revenue of RM13.111 million and loss before tax of RM25.270 million.

Compared to the previous corresponding financial quarter, the Group recorded increase in revenue amounting to RM9.077 million and increase in loss before tax amounting to RM23.977 million correspondingly. For the current financial quarter, the Group had provided impairment on goodwill amounting to RM14.351 million and impairment on its development cost amounting to RM1.957 million. These impairments were provided as the cash generating units related to the goodwill and development cost were unable to justify its carrying value due to the weak results. In addition, high cost factor, low margin and transferred of costs from development cost to direct costs resulted in gross loss for the current financial quarter.

The weak results were mitigated by contribution of profit from the Group's investment in its associated company, Cekap Air Sdn Bhd. The 20% share of associate's profit for the current financial quarter is RM0.618 million. The Group aims to mitigate this downward trend by continuing to expand its range of products and service deliverables to lessen its strong dependence on the ICT sector.

Revenue by segment :

	Current financial quarter ended 31 March 2016 (RM'000)	Preceding financial quarter ended 31 March 2015 (RM'000)	Current Financial Year-to-date 31 March 2016 (RM'000)
ICT Services	9,073	665	14,771
Software Solutions	1,500	2,355	15,767
RFID, ACS & BAS	2,538	1,014	5,359

ICT Services Segment

For current financial quarter, ICT services segment recorded increase in revenue of RM8.408 million as compared to the same period in the preceding year, due to new projects awarded, commenced and billed.

Software Solutions Segment

For current financial quarter, this segment recorded decrease in revenue of RM0.855 million as compared to the same period in the preceding year. The decrease in revenue is due to lower billable works for the current financial quarter.

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

For current financial quarter, this segment recorded increase in revenue of RM1.524 million as compared to the same period in the preceding year. The increase in revenue is due to the contribution from the industrial security solutions, a new division recently set-up under this segment.

B2. Comparison to the results of the preceding quarter

	Current Quarter 31 March 2016 RM'000	Preceding Quarter 31 December 2015 RM'000
Revenue	13,111	7,076
Loss	(25,270)	(1,201)

Despite the increase in revenue of RM6.035 million as compared to the preceding financial quarter, the Group recorded a higher loss before tax of RM24.069 million. This were mainly due to the Group having to provide impairment on goodwill amounting to RM14.351 million and impairment on its development cost amounting to RM1.957 million. In addition, high cost factor, low margin and transferred of costs from development cost to direct costs resulted in a higher loss for the current financial quarter. The weak results were mitigated by contribution of profit from the Group's investment in its associated company, Cekap Air Sdn Bhd. The 20% share of associate's profit for the current financial quarter is RM0.618 million.

B3. Prospects for 2016

The Malaysian Institute of Economic Research (MIER) estimates Malaysia's Gross Domestic Product growth for 2016 at 4.7 per cent, compared to the estimated 4.9 per cent growth for 2015. Executive Director Dr Zakariah Abdul Rashid said the country's economy will continue to be domestically driven and remain fundamentally strong but stabilisation issues will need to be addressed. The stabilisation issues include weakening domestic macroeconomic fundamentals like narrowing net current account surplus of the balance of payment, continuing net portfolio outflows, ringgit depreciation and tightening of domestic liquidity conditions, he said. "We urgently need to correct mistakes and misadventures on the domestic front and move forward with a clean slate, avoiding to a large extent political upheavals and shocks and applying prudent macroeconomic management in attaining fiscal sustainability and encouraging a greater role for private sector investment," he added.

(Source: The Star – 27 January 2016)

B4. Profit forecast and profit estimate

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

B5. Taxation

	Current Quarter Ended 31 March 2016 RM'000	Cumulative Period-to-Date 31 March 2016 RM'000
Current tax	259	259
	<u>259</u>	<u>259</u>

For the current financial quarter and cumulative financial period, RM0.259 million was provided due to adjustment for previous year taxes and taxation for profit making subsidiary companies.

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 31 March 2016 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	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 from completion	Being the additional rights issue expenses of RM176,000

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation incurred
Rights Issue expenses	800	976	-	(176)	Upon completion	
Total	42,518	31,518	11,000	-		

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Company for the financial quarter ended 31 March 2016 and the preceding year corresponding quarter ended 31 March 2015, is as follows :-

	Group Quarter Ended 31 March 2016 RM'000	Group Quarter Ended 31 March 2015 RM'000
Total retained profits of the Group:		
- Realised	8,515	32,353
- Unrealised (in respect of deferred tax recognised in the income statement)	(405)	(404)
	8,110	31,949
Less : Consolidation adjustments	(21,532)	(13,234)
Total Group retained profits/(loss) as per consolidated accounts	(13,422)	18,715

B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2016 are as follows:-

	Short Term RM'000	Long Term RM'000
Secured		
Bills Payables	1,082	-
Term Loans	105	1,946
Hire Purchase Creditors	344	727
	1,531	2,673

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 period-to-date.

B12. Profit for the period

	Current Quarter Ended 31 March 2016 RM'000	Cumulative Period-to-Date 31 March 2016 RM'000
This is arrived at after (charging) /crediting:-		
Interest income	104	143
Interest expenses	(197)	(461)
Impairment on goodwill	(14,351)	(14,351)
Impairment on development cost	(1,957)	(1,957)
Depreciation and amortization	(794)	(2,541)

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
	Current Quarter 31 March 2016	Preceding Year Corresponding Quarter 31 March 2015	Current Period-To- Date 31 March 2016
Loss attributable to the equity holders of the Company (RM'000)	(24,772)	(1,292)	(29,669)
Weighted average number of shares in issue ('000)	1,490,827	850,353	1,223,961

	Individual Quarter		Cumulative
	Current Quarter	Preceding Year Corresponding Quarter	Current Period-To-Date
	31 March 2016	31 March 2015	31 March 2016
Basic loss per share (sen)	(1.66)	(0.15)	(2.42)

(b) Diluted earnings per share

	Individual Quarter		Cumulative
	Current Quarter	Preceding Year Corresponding Quarter	Current Period-To-Date
	31 March 2016	31 March 2015	31 March 2016
(Loss)/Profit attributable to the equity holders of the Company (RM'000)	(24,772)	(1,292)	(29,669)
Weighted average number of shares in issue ('000)	1,490,827	850,354	1,223,961
Effect of dilution on assumed exercise of warrants ('000)	N/A *	12,348	N/A *
Adjusted weighted average number of shares in issue ('000)	<u>1,490,827</u>	<u>862,701</u>	<u>1,223,961</u>
Diluted (loss)/earnings per share (sen)	N/A	(0.15)	N/A

(*) 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 current financial quarter.

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 31 May 2016