EA Holdings Berhad

EA HOLDINGS BERHAD

(878041-A)

annual report 2011

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 objectives"

CONTENTS

FINANCIAL HIGHLIGHTS

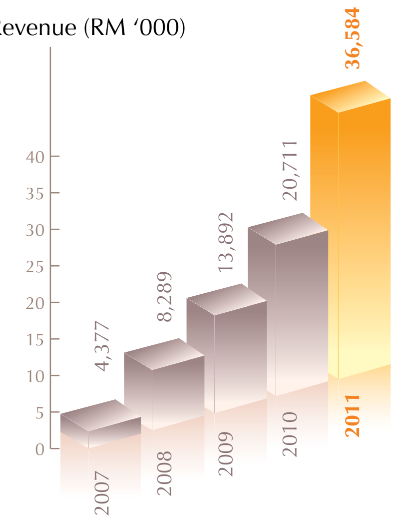
Five Year Group Financial Summary

(RM'000)	2007(*)	2008 (*)	2009 (*)	2010	2011
FINANCIAL RESULTS					
Revenue	4,377	8,289	13,892	20,711	**36,584**
Profit before tax	216	2,020	3,677	4,053	**11,958**
Total Comprehensive Income	166	1,944	3,641	4,081	**11,789**
KEY BALANCE SHEET DATA					
Total Assets	N/A	N/A	N/A	26,770	**65,262**
Total Liabilities	N/A	N/A	N/A	3,336	**9,729**
Net assets attributable to equity holders	N/A	N/A	N/A	23,434	**55,533**
No. of shares in issue at year end (shares)	N/A	N/A	N/A	155,001,000	**203,451,000**
SHARES INFORMATION					
Basic earnings per share (sen)	N/A	N/A	N/A	3.35	**4.66**
Net assets per share attributable to equity holders (RM)	N/A	N/A	N/A	0.15	**0.27**

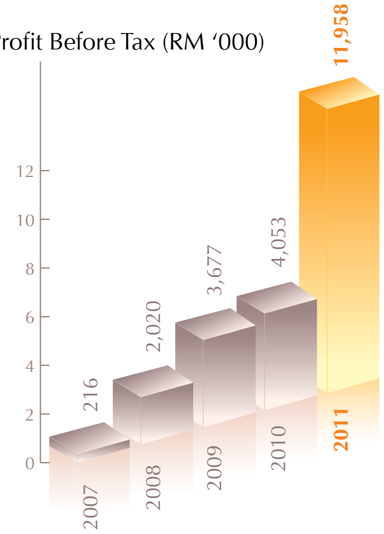
* Based on the proforma consolidated accounts of the Group prior to the listing of the Company and announced previously. The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad on 20 July 2010.

FINANCIAL HIGHLIGHTS
(cont'd)

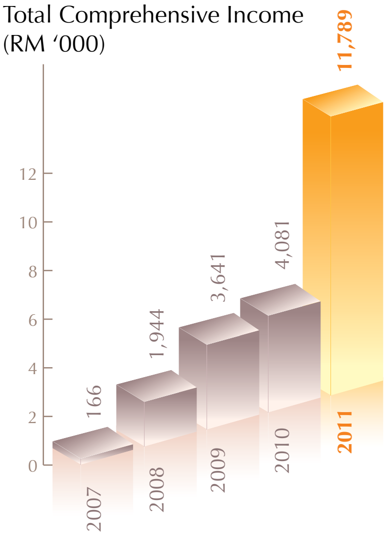
Revenue (RM '000)



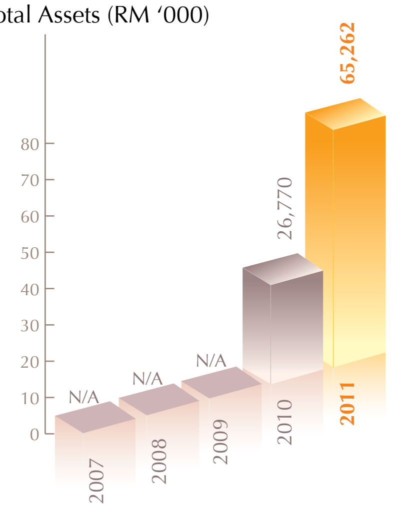
Profit Before Tax (RM '000)



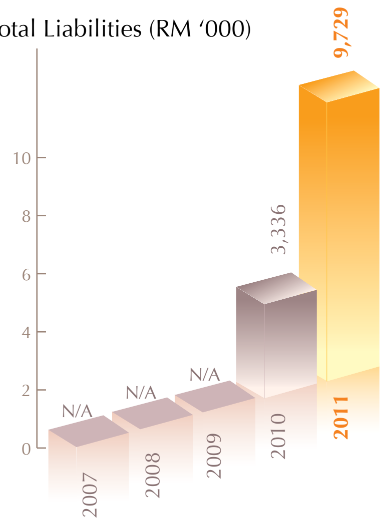
Total Comprehensive Income (RM '000)



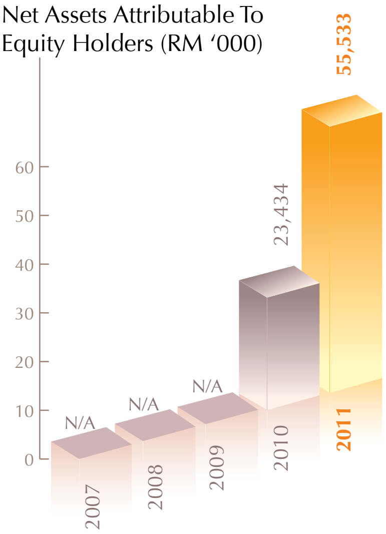
Total Assets (RM '000)



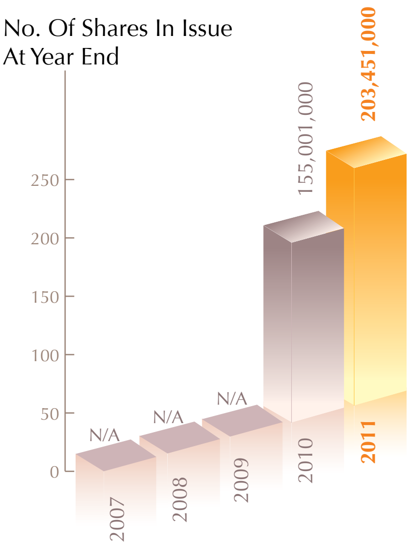
Total Liabilities (RM '000)



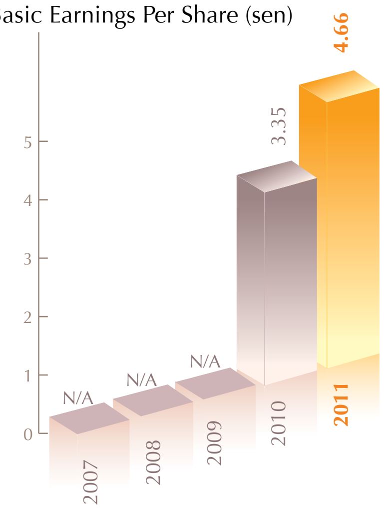
Net Assets Attributable To Equity Holders (RM '000)



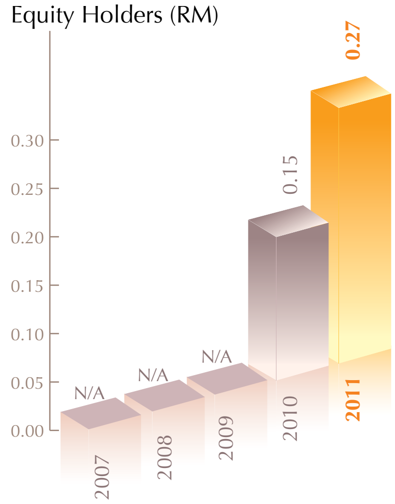
No. Of Shares In Issue At Year End



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 2011.

FINANCIAL PERFORMANCE

In 2011, the Group's revenue grew substantially by 77% to RM36.584 million from RM20.711 million in 2010. Group pre-tax profit came in at RM11.958 million for 2011, a substantial increase of 195%. The strong results of the Group for 2011 are attributable to the following factors :-

(i) in August 2011, EA Holdings acquired 51% equity interest in DDSB (M) Sdn Bhd for a total purchase consideration of RM19.38 million. The acquisition itself had brought out various synergies to the Group besides value adding to the group's revenue and profit growth;

(ii) good track record in performance and delivery as proven by the Group winning various projects and tenders awarded by the GLCs; and

(iii) the Group is constantly searching and exploring new opportunities in new areas, hence allowing the Group to gain wider and better recognition in the ICT industry.

The Group's software solutions segment emerged as the top revenue contributor in 2011 with recorded revenue of RM22.726 million. This amount represented 62% of the Group's total revenue. The strong performance in this segment is attributable to the contribution from the newly acquired subsidiary and the increase in revenue from projects secured during the year.

The Group's ICT services segment was the second largest revenue contributor in 2011 with recorded revenue of RM8.395 million or 23% of the Group's total revenue. This represented an increase of RM2.001 million compared to revenue generated in 2010. The improvement in this segment is attributable to the new and larger projects secured during the year, most notably the project awarded by Lembaga Hasil Dalam Negeri in September 2011 amounting to RM6.643 million.

The RFID and access control system segment contributed RM5.462 million or 15% of the Group's total revenue in 2011. The revenue from this segment dipped marginally by RM0.821 million compared to 2010 due to the combinations of jobs completed and billed in 2011 which yielded lower revenue.

CORPORATE DEVELOPMENTS

2011 had been another significant year for the group. In August 2011, the Group achieved another milestone when it acquired a 51% equity interest in DDSB (M) Sdn Bhd for a total purchase consideration of RM19.38million, which was satisfied through the issuance of new EAH shares of RM 0.10 each at an issue price of RM 0.40 per EAH share. DDSB is principally engaged in information technology, consultancy services and software development. The acquisition of DDSB has enabled the Group to diversify its earnings base further and add value to its existing business operation.

The acquisition of DDSB also represented a significant step in the Group's growth strategy via merger and acquisition. The Group is constantly scouting the market for potential companies which are able to add value to the Group's overall business plans, products synergy and long term strategy.

The Group had also completed a bonus share issue in January 2012. The exercise comprised the issuance of 101,725,500 new EAH Shares and 38,750,250 additional warrants consequential to the bonus issue of new EAH Shares, credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing EAH Shares held.

The bonus shares reflected the Company's robust growth and reflect the Group's healthy balance sheet with the focus on rewarding our shareholders with strong returns. In 2010, the Group had rewarded its shareholders with a free warrant issue on the basis of one free warrant for every two shares held. The equity form of rewarding shareholders is the preferred method for the Group as it will allow the Group to conserve its cash balances for its ongoing business operations as well as to fund any future merger and acquisitions activities.

In addition, I am also proud to share with you that EAH was included in the list of '200 Best Companies in Asia under $1 Billion' by Forbes Asia in 2011.

INDUSTRY OUTLOOK AND GROUP PROSPECT

Economic crisis in Eurozone and the weaker growth of United States economy have brought about negative impacts on the Malaysian economy including the Malaysia's ICT industry. The fact that the Group's revenue is mainly derived locally has minimized our risk. However, growing trade between Malaysia and Asian countries, namely China, Singapore, other ASEAN countries and Japan will definitely encourage the Group to expand regionally in the future.

The Economic Intelligence Unit (EIU) forecasted that total IT spending in Malaysia will reach USD8.8bn in 2012, after an estimated annual growth of 12.8%. This expected growth in IT spending will undoubtedly generate more projects this industry. If sound economic conditions continue to dominate Asia, Malaysia's ICT services industry is likely to benefit from the rising demands from fast growing economies, namely China, South Korea, Hong Kong, Singapore and Japan.

Furthermore, mergers and acquisitions that take place in the banking industry created a competitive environment in the industry. Financial institutions would standardize and streamline their processes, applications and procedures via ICT improvements to ease up the operations. The settings would stimulate growth of ICT industry as skillsets are needed to complement the operation of banking industry.

In view of the above mentioned factors, we anticipate that the financial services sector and GLCs to contribute strongly to our revenue growth while our RFID division would remain fundamentally sound with solid recurrent revenue.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would also like to express my gratitude to our staff for their dedication, diligence, professionalism and commitment for bringing the Group to new heights. Last but not least, I wish to convey our appreciation to our clients, business associates, shareholders and various stakeholders for your continued support and confidence in our company.

With the combined efforts of our Board of Directors, management and staff, along with the support from our business associates, I am confident that the Group will be brought to higher grounds and bringing us one step closer to achieving our vision.

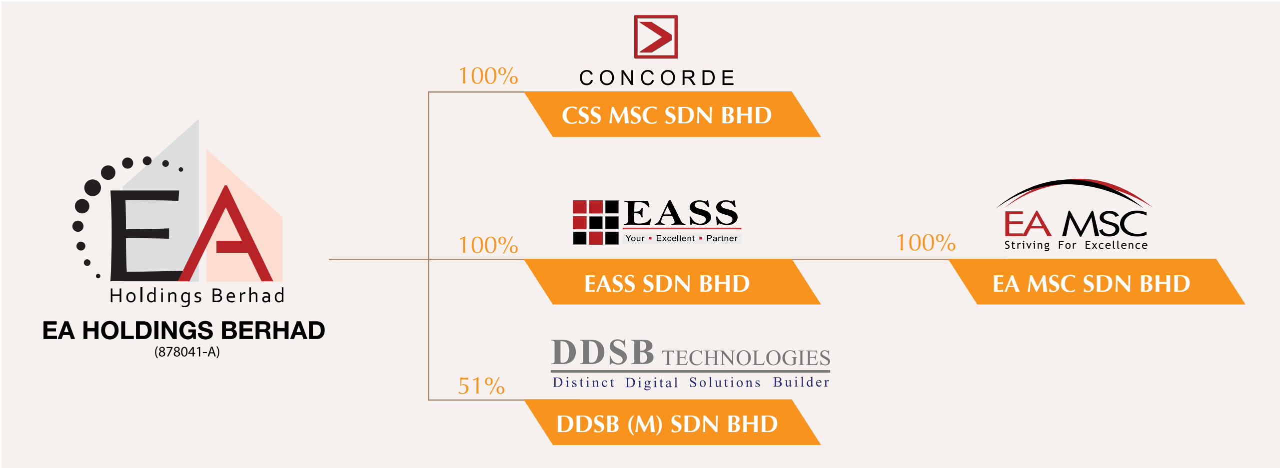
Thank you.

Mohammad Sobri bin Saad
Group Chairman & CEO

CORPORATE PROFILE

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 :-



DDSB (M) Sdn Bhd was acquired in August 2011. The acquisition has enhanced the revenue and earnings base of the Group and is expected to contribute to the future development and growth of the Group. DDSB is principally engaged in information technology, consultancy services and software development.

The Group are involved in the following business activities through its subsidiary companies as follows:-

- Provision of software solutions in Business Intelligence and data warehousing solutions, automated invoices processing solution, enterprise resource planning, human capital management and GIS solutions;
- R&D, sales and distribution of RFID-based tracking systems and the provision of access control systems; and
- Provision of ICT services mainly in system and infrastructure integration services and ICT consultancy services.

OUR SUBSIDIARY COMPANIES

EASS Sdn Bhd

EASS was incorporated in 2006 by our present Chairman and CEO, Encik Mohammad Sobri bin Saad, 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' 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.

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

DDSB was incorporated in Malaysia on 8 July 1999 under the Companies Act, 1965 as a private limited company under the name of Distinct Diversified Sdn Bhd. It was subsequently changed to DDSB (M) Sdn Bhd on 25 September 2001 and assumed its present name. DDSB is a Multimedia Super Corridor ("MSC")-Status company registered under the Ministry of Finance of Malaysia.

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. Lastly, its GIS solution business is a monitoring and management solution for large enterprises that have assets distributed over wide geographical areas.

OUR PRODUCTS

OUR MILESTONES

Nov 2011 - Jan 2012	Proposed bonus issue of new ordinary shares of RM 0.10 each on the basis of one (1) bonus share for every two (2) existing EAH shares held. The bonus issue was completed on 13 January 2012
Sept 2011	Made it to Forbes Asia's "Best Under a Billion" list with 13 other Malaysian firms on the list
Aug 2011	Completed the acquisition of 51% equity interest in DDSB (M) Sdn Bhd for RM19.4 million
Dec 2010	Issued 77,500,500 free warrants
July 2010	Successful listing of EA Holdings Berhad's shares on the ACE Market of Bursa Malaysia Securities Berhad
Feb 2010	EA Group was created by the acquisition of EASS Sdn Bhd, EA MSC Sdn Bhd and CSS MSC Sdn Bhd by EA Holdings Berhad
Feb 2010	EA Holdings Sdn Bhd was converted to EA Holdings Berhad
Nov 2009	EA Holdings Sdn Bhd was incorporated
July 2009	CSS MSC acquired MSC Malaysia company status
May 2008	EA MSC acquired MSC Malaysia company status
April 2008	EA MSC was established to spearhead the RFID market strategy
May 2007	EASS successfully registered with the Ministry of Finance as a Bumiputra Contractor
Sept 2006	EASS was founded by Mohammad Sobri

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mohammad Sobri bin Saad
(Group Chairman/Chief Executive Officer)

Basir bin Bachik
Executive Director

Tan Siow Hui
Executive Director

Choo Seng Choon
Independent, Non-Executive Director

Azahar bin Rasul
Independent, Non-Executive Director

Abdul Fattah bin Mohamed Yatim
Independent, Non-Executive Director

AUDIT 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

Chong & Co (AF 0524),
Chartered Accountants
Suite 3.03, 3rd Floor,
Wisma TCL, 470 Jalan Ipoh,
3rd Mile, 51200 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: 03-7727 3873
Fax: 03-7728 5948
Email: edzonems@gmail.com

REGISTRAR

Insurban Corporate Services Sdn Bhd
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: 03-7729 5529
Fax: 03-7726 6686

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

SPONSOR

OSK Investment Bank Berhad (14152-V)
20th Floor, Plaza OSK,
Jalan Ampang,
50450 Kuala Lumpur
Tel: 03-2333 8333
Fax: 03-2175 3217

DIRECTORS' PROFILE

BOARD OF DIRECTORS

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

MOHAMMAD SOBRI BIN SAAD

A Malaysian aged 52, Mohammad Sobri is the Group founder and was appointed as our Group Chairman/ 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 2011.

Mohammad Sobri and Norazian binti Abdul Kudus, a major shareholder in the Company, are husband and wife.

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 54, 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, a subsidiary company of the Group.

Basir attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2011.

Basir 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)

TAN SIOW HUI

A Malaysian aged 47, Tan Siow Hui was appointed as the Executive Director of EA Holdings Berhad on 6 November 2009. He is responsible for the operations and R&D development of RFID division of the Group. He obtained his Bachelor of Engineering (Hons) Degree in Electrical and Computer Systems Engineering from Monash University, Australia in 1989.

Tan Siow Hui has accumulated vast experiences in the area of hardware, firmware and software development for micro-controller, RFID-based device, system integrations and customisations. He started his career as a process engineer with Texas Instruments Malaysia Sdn Bhd before leaving to join Powermatic Sdn Bhd. He later joined Sierra Technology Sdn Bhd as its Managing Director. During his tenure in Sierra Technology Sdn Bhd, he was involved in the R&D, hardware, firmware, software development for in-house designed micro-controller controlled hardware, for example card access controller, RFID readers/ controllers, systems integration and customisations and management of a R&D team. He is also a Director of EA MSC Sdn Bhd, a subsidiary company of the Group.

Tan Siow Hui attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2011.

Tan Siow Hui 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 38, 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 Committee on 13 August 2010. He is also the Chairman of the Nomination and Remuneration Committee of the Company.

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.

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 Research and Technical Advisory Committee of the Institute of Internal Auditors, Malaysia.

He is also on the board of directors of R&A Telecommunication Berhad and I-Power Berhad. In addition, he also sits on the board of directors of several private limited companies.

Seng Choon attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2011.

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)

AZAHAR BIN RASUL

A Malaysian aged 50, Azahar was appointed as the Independent Non-Executive Director and a member of the Audit Committee of EA Holdings Berhad on 22 February 2010. He is also a member of the Nomination and Remuneration Committee of the Company.

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 I-Power Berhad.

Azahar attended all the Board meetings held during his tenure in office for the financial year ended 31 December 2011.

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

ABDUL FATTAH BIN MOHAMED YATIM

A Malaysian aged 56, 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 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 2011.

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.

CORPORATE GOVERNANCE

The Board of Directors of EA Holdings Berhad is pleased to report to the shareholders on how the Group has applied the principles and best practices as set out in the Malaysian Code on Corporate Governance ("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 recognizes the value in each of the Board member's knowledge and experience in providing oversight for the Group.

Encik Mohammad Sobri bin Saad, being the Chairman and Chief Executive Officer, is primarily responsible for the orderly conduct and working of the Board and ensuring integrity and effectiveness of the Group corporate governance and internal control system. He also leads the strategic planning and manages the overall business operation of the Group and is accountable to the Board for the overall organisation and management of the Group.

Board Composition and Balance

The Board currently consists of six (6) members, consisting of three (3) Executive Directors and three (3) Independent Non-Executive Directors. Their biographies appear in the Profile of Directors and illustrate the Directors' range of backgrounds and experiences. The Directors, with their diverse backgrounds, qualifications and specialisations, collectively bring with them a wide range of expertise and experience to ensure that all matters tabled to the Board for consideration are well reviewed and deliberated.

Part 2 of the Code on Best Practices in Corporate Governance states that there should be clearly accepted division of responsibilities at the head of the Company and where the roles of the Chairman and Chief Executive Officer are combined, there should be a strong independent element on the Board.

Encik Mohammad Sobri bin Saad is currently holding the combined roles of the Chairman of the Group and Chief Executive Officer as the Board is confident that Encik Mohammad Sobri bin Saad, who is respected and experienced in the industry, is able to contribute considerable experience towards accomplishing the Group's objectives. Represented on the Board are three (3) Independent Non-Executive Directors who provide unbiased and independent views, advice and judgment in the decision making process of the Board and thus ensuring that the interests of the shareholders and stakeholders are well safeguarded.

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 2011, 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 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	Mohammad Sobri bin Saad	Group Chairman/Chief Executive Offcer	5/5	100%
2	Basir bin Bachik	Executive Director	5/5	100%
3	Tan Siow Hui	Executive Director	5/5	100%
4	Choo Seng Choon	Independent Non-Executive Director	5/5	100%
5	Azahar bin Rasul	Independent Non-Executive Director	5/5	100%
6	Abdul Fattah bin Mohamed Yatim	Independent Non-Executive Director	5/5	100%

Remuneration Committee and Directors' Remuneration

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The Committee's composition is as follows :-

1 Choo Seng Choon (Chairman)
Independent Non-Executive Director

2 Azahar bin Rasul
Independent Non-Executive Director

3 Abdul Fattah bin Mohamed Yatim
Independent Non-Executive Director

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 details of the Directors' remuneration of the Company for the financial year ended 31 December 2011 by category and in successive bands of RM50,000 are as follows :-

Range of Remuneration	Executive Directors No. of Directors	Non-Executive Directors No. of Directors
1 – 50,000	-	3
50,001 – 100,000	-	-
100,001 – 150,000	2	-
150,001 – 200,000	1	-
Total	3	3

CORPORATE GOVERNANCE
(cont'd)

Nomination Committee and Appointments to the Board

The Nomination Committee comprises exclusively of independent Non-Executive Directors. The Committee's composition is as follows :-

1 Choo Seng Choon (Chairman)
Independent Non-Executive Director

2 Azahar bin Rasul
Independent Non-Executive Director

3 Abdul Fattah bin Mohamed Yatim
Independent Non-Executive Director

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 Company. The Committee may seek the external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

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.

Directors' Training

During the financial year ended 31 December 2011, all Directors have attended the briefing organized by the Group on the updated Listing Requirements for the ACE Market. In addition, the Directors have also attended other training and education programmes individually in their own professional capacity. The Company will continuously arrange for training for the Directors as part of the obligation to update and enhance their skills and knowledge in order to effectively carry out their duties and responsibilities.

Relationship with Shareholders

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 Board has identified Mr. Choo Seng Choon as the Senior Independent Non-Executive Diretor to whom concerns of the shareholders and other shareholders may be conveyed.

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

The Board aims to present a balanced and meaningful assessment of the Group's corporate and financial state of affairs.

Audit Committee

The Audit Committee was set up to assist the Board with added focus in discharging its responsibilities and duties as set out under its terms of reference.

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 Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

Internal Control

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 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 Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Audit Committee on their findings. In doing so, the Group forges a transparent and professional relationship with the Company's external auditors. The Audit 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 2011. These meetings were conducted without the presence of the Executive Directors and the Company's management staff.

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.

AUDIT COMMITTEE REPORT

Audit Committee Members

Chairman	Choo Seng Choon (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)

Audit Committee Terms Of Reference

1. Composition

(a) The Board shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors) comprising not less than three (3) members where the majority of them shall be composed of independent non-executive members of the Board.

(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 Committee is two (2) years and may be re-nominated and appointed by the Board.

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

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

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

(g) If the number of members of the Audit 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.

2. Objectives

The primary objectives of the Audit Committee are:

(a) to provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and practices and financial management and control.

(b) to provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the management.

(c) to maintain through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

3. Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be to review the following and report the same to the Board:

(a) The appointment of the external auditors, the audit fee, and any questions of resignation or dismissal.

(b) The nature and scope of the audit including the co-operation of auditors where more than one audit firm is involved.

AUDIT COMMITTEE REPORT
(cont'd)

Audit Committee Terms Of Reference (cont'd)

3. Duties and Responsibilities (cont'd)

(c) The quarterly and annual financial statements, focusing particularly on:

i. changes in accounting policies and practices
ii. major judgement areas
iii. significant adjustments resulting from the audit
iv. the going concern assumption
v. compliance with accounting standards
vi. compliance with Bursa Malaysia Securities Berhad's rules and other legal requirements.

(d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).

(e) to review the internal audit programmes, consider the major findings of internal audit programmes and management's response, and ensure co-ordination between the internal and external auditors.

(f) to keep under review the effectiveness of internal control systems, and in particular review the external auditors' management letter and management's response.

(g) to discuss the related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedures or conduct that give rise to questions of management integrity.

(h) to give assistance given by the employees of the Company to the auditors.

(i) To do the following, in relation to the internal audit function :-

- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

- Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

(j) to carry other duties and responsibility as may be agreed to by the Audit Committee and the Board.

4. Authority

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

(a) have authority to investigate any matters within its terms of reference and to seek any information it requires from any employees.

(b) have right to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

(c) have adequate resources to perform its duties.

(d) have full and unrestricted access to any information pertaining to the Company.

(e) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any).

(f) be able to convene meetings with the External Auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

5. Meetings and Minutes

The Audit 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 Audit Committee shall be the Company Secretary.

6. 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 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 Committee. All internal audit reports will be presented to the Audit Committee for deliberation. The Audit Committee would then make the relevant recommendations for the management's further action. During the year, the internal auditors have reviewed the internal control systems across the Group to identify various possible business risks specific for the Group's operating and business environment. The total costs incurred for the outsourced internal audit function for 2011 was RM8,985.00.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

Summary Of Activities

During the financial year ended 31 December 2011, 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 ended 31 December 2011;
2. Reviewed the audit reports of the Company 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 Company prior to submission to the Board for consideration and approval;
4. Reviewed the disclosure of related party transactions entered into by the Company in the annual report of the Company;
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 2011. 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 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 internal control of the listed company as a group.

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

Board Responsibilities

The Board of Directors ("the Board") recognizes the importance of maintaining a sound system of 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 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 internal controls of the Group. It recognizes that due to inherent limitations, the internal control 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.

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 meetings.

(iv) Review of quarterly and annual financial results by the Audit 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.

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 Company.

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

This Statement was made in accordance with a resolution of the Board date 26 April 2012.

CORPORATE SOCIAL RESPONSIBILITY

EA Holdings Berhad recognises and adopts corporate social responsibility (CSR) commitments in our business operations as 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 extends 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 of 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.

ADDITIONAL COMPLIANCE INFORMATION

(a) Statement on Compliance with the best practices in Corporate Governance

Save as disclosed below, the Group is in general compliance with the Best Practices in Corporate Governance as set out in Part 2 of the Code.

The Board is mindful of the dual roles held by the Group Chairman/Chief Executive Officer but is of the view that there is sufficient independent minded Directors with wide experience to provide the necessary check and balance. The Group Chairman/Chief Executive Officer, as a rule, will abstain from all deliberations and voting of matters which he is directly or deemed interested.

(b) Utilisation of Proceeds

As at the date of this report, the gross proceeds of RM10,000,000 raised from the public issues pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad has been utilised in the following manners :-

Description	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Business expansion	3,000	1,500	1,500
Enhance R&D capabilities	2,000	2,000	-
Working capital	3,500	3,500*	-
Estimated listing expenses	1,500	1,500	-
Total	10,000	8,500	1,500

* Inclusive of excess in listing expenses amounting to RM489,516.

(c) Share Buybacks

There was no Share Buybacks arrangement during the financial year.

(d) 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 77,500,500.

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

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

(f) Sanctions and Penalties

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

(g) 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 2011 was RM4,000.

(h) Profit Estimates, Forecast or Projection

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

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

(i) Profit Guarantee

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

(j) Material Contracts

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

(k) Revaluation Policy

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

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

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

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED
31 DECEMBER 2011

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, management and consultancy services. The principal activities of its subsidiary companies are disclosed in Note 6 in the notes to the financial statements. There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies since the last financial period.

FINANCIAL RESULTS

	The Group RM	The Company RM
Profit / (Loss) before tax	11,958,164	(1,437,363)
Income tax expense	(169,578)	-
Net profit / (loss) for the year	11,788,586	(1,437,363)
Profit attributable to:		
Owners of the company	8,035,233	(1,437,363)
Non-Controlling interest	3,753,353	-
	11,788,586	(1,437,363)

DIVIDENDS

There were no dividends paid or proposed since the end of the last financial period. The directors 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 except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has issued the following ordinary shares:

Date of Issue	No. of Shares Issued	Issue Price	Purposes	Term
22.08.2011	48,450,000	RM0.40	Acquisition of subsidiary	Other than cash

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

DIRECTORS' REPORT
(cont'd)

DIRECTORS

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

Mohammad Sobri Bin Saad
Tan Siow Hui
Basir Bin Bachik
Azahar Bin Rasul
Abdul Fattah Bin Mohamed Yatim
Choo Seng Choon

The appointment and retirement of the directors are in accordance with the provisions of the Articles of Association of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than directors' fees and remuneration as disclosed in the financial statements) by reason of a contract made by the Company 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.

DIRECTORS' INTERESTS

Details of the directors who held office at the end of the financial year having interest in shares of the Company during the financial year were:

	Number of ordinary shares of RM0.10 each			
	At start of the year	Bought	Sold	At end of the year
Direct Interest				
Mohammad Sobri Bin Saad	82,450,850	535,000	-	82,985,850
Tan Siow Hui	1,000,000	-	-	1,000,000
Basir Bin Bachik	1,300,000	-	-	1,300,000
Azahar Bin Rasul	300,000	-	-	300,000
Abdul Fattah Bin Mohamed Yatim	10	-	-	10
Choo Seng Choon	300,000	-	(300,000)	-
Indirect Interest				
Mohammad Sobri Bin Saad *	14,550,140	-	-	14,550,140

* Deemed interest through shares held by his spouse, Norazian Binti Abdul Kudus.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statement and the balance sheet of the Group and the Company were made out, the directors took reasonable steps:

DIRECTORS' REPORT
(cont'd)

INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

1. to ascertain the action taken in relation to the writing off of bad debts and the making of allowances for doubtful debts and satisfied themselves that there were no known bad debts in the financial statements and therefore no allowances was necessary; and

2. to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

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

1. which would render the allowance for doubtful debts necessary;

2. which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

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

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 the Company to meet their obligations when they fall due.

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

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

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

OTHER STATUTORY INFORMATION

The directors state that at the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors,

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

2. 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 the Company for the year in which this report is made.

AUDITORS

The Auditors, Messrs. Chong & Co., have expressed their willingness to continue in office.

On behalf of the Board in accordance with a resolution of the Directors dated 26 April 2012.

Mohammad Sobri Bin Saad

Basir Bin Bachik

Kuala Lumpur

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Mohammad Sobri Bin Saad and Basir Bin Bachik, being two of the directors of EA HOLDINGS BERHAD, state that in the opinion of the directors, the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group and the Company, together with notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and of the results of its business, changes in equity and cash flows for the year ended on that date.

On behalf of the Board in accordance with a resolution of the Directors dated 26 April 2012

Mohammad Sobri Bin Saad

Basir Bin Bachik

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group and the Company, together with notes thereto 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 Declaration Act, 1960.

Tay Mun Kit

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 April 2012, before me.

JAAPAR BIN MD.JANI (No.W487)
Commissioner for Oaths

Kuala Lumpur

AUDITORS REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of EA HOLDINGS BERHAD, which comprise the statement of financial position as at 31 December 2011 of the Group and the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 70.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, 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. These 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 judgment, 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 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 the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2011 and of its 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 registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors 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 audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

AUDITORS REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) (cont'd)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The information set out in Note 36 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirement. We have extended our audit procedure to report on the process of compilation of such information. In our opinion, the information has been properly compiled, an all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Loss in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by 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.

CHONG & CO
AF - 0524
Chartered Accountants (M)

CHONG LIN
882/3/14 (J)
Proprietor

Kuala Lumpur

Date : 26 April 2012

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	**2,452,488**	1,433,160	**340,927**	429,448
Goodwill on consolidation	5	**19,674,541**	1,766,943	**-**	-
Investment in subsidiary companies	6	**-**		**33,130,000**	13,750,000
Development expenditure	7	**5,012,687**	1,461,724	**-**	-
		27,139,716	4,661,827	**33,470,927**	14,179,448
CURRENT ASSETS					
Amount due from customer	8	**39,064**	-	**-**	-
Inventories	9	**319,671**	205,377	**-**	-
Trade receivables	10	**30,963,777**	14,679,940	**79,500**	-
Other receivables	11	**1,649,440**	288,197	**39,901**	24,901
Amount due from subsidiary companies	12	**-**	-	**10,780,112**	8,801,157
Fixed deposits with licensed bank	13	**736,000**	-	**-**	-
Cash and cash equivalents	3(i)	**4,414,827**	6,934,939	**133,335**	4,755,586
		38,122,779	22,108,453	**11,032,848**	13,581,644
CURRENT LIABILITIES					
Trade payables	14	**3,321,836**	2,370,711	**-**	1,000,000
Other payables	15	**853,100**	259,965	**433,703**	111,818
Amount due to subsidiary companies	12	**-**	-	**500,000**	1,250,000
Amount due to a director	16	**750,000**	-	**750,000**	-
Hire purchase payables	17	**558,165**	79,503	**40,830**	37,893
Bills payable	18	**2,373,090**	-	**-**	-
Current tax liabilities	19	**237,150**	3,892	**-**	-
		8,093,341	2,714,071	**1,724,533**	2,399,711
NET CURRENT ASSETS		**30,029,438**	19,394,382	**9,308,315**	11,181,933
		57,169,154	24,056,209	**42,779,242**	25,361,381
REPRESENTED BY :					
CAPITAL AND RESERVES					
Share capital	20	**20,345,100**	15,500,100	**20,345,100**	15,500,100
Share premium	21	**14,051,054**	-	**14,051,054**	-
Warrants reserve	22	**6,119,827**	6,119,827	**6,119,827**	6,119,827
Retained profit	23	**9,849,282**	1,814,049	**2,033,963**	3,471,326
Equity attributable to owner of the company		**50,365,263**	23,433,976	**42,549,944**	25,091,253
Non controlling interest		**5,168,014**	-	**-**	-
Total equity		**55,533,277**	23,433,976	**42,549,944**	25,091,253
NON-CURRENT LIABILITIES					
Hire purchase payables	17	**1,514,564**	556,929	**229,298**	270,128
Deferred tax liabilities	24	**121,313**	65,304	**-**	-
		57,169,154	24,056,209	**42,779,242**	25,361,381

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Revenue	3(k)	**36,583,828**	20,710,940	**3,182,400**	4,510,000
Cost of sales		**(14,233,676)**	(11,264,776)	**(3,000,000)**	(4,430,000)
Gross profit		**22,350,152**	9,446,164	**182,400**	80,000
Other operating income	3(k)	**6,948**	19,835	**423**	6,500,000
Administrative expenses		**(2,705,854)**	(1,595,685)	**(663,653)**	(162,686)
Staff cost	25	**(6,412,290)**	(3,559,098)	**(746,890)**	(555,480)
Distribution costs		**(281,839)**	-	**-**	-
Other operating expenses		**(623,873)**	(240,386)	**(191,412)**	(116,341)
Profit/(loss) from operations		**12,333,244**	4,070,830	**(1,419,132)**	5,745,493
Finance cost		**(375,080)**	(17,740)	**(18,231)**	(6,729)
Profit/(loss) before tax	26	**11,958,164**	4,053,090	**(1,437,363)**	5,738,764
Income tax expense	27	**(169,578)**	28,397	**-**	-
Profit/(loss) for the financial year		**11,788,586**	4,081,487	**(1,437,363)**	5,738,764
Other comprehensive income		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE FINANCIAL YEAR		**11,788,586**	4,081,487	**(1,437,363)**	5,738,764
Profit attributable to:					
Owners of the company		**8,035,233**	4,081,487	**(1,437,363)**	5,738,764
Non-Controlling interest		**3,753,353**	-	**-**	-
		11,788,586	4,081,487	**(1,437,363)**	5,738,764
Earning per share (sen)	28	**4.66**	3.35	**-**	-

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

The Group

	Share Capital RM	Share premium RM	Warrant Reserves RM	Retained Profit RM	Non Controlling interest RM	Total RM
As at 6 November 2009	100	-	-	-	-	100
Net profit for the period	-	-	-	4,081,487	-	4,081,487
Issue of shares during the period	15,500,000	3,852,389	-	-	-	19,352,389
Bonus issue of warrant	-	(3,852,389)	6,119,827	(2,267,438)	-	-
Balance as at 31 December 2010	15,500,100	-	6,119,827	1,814,049	-	23,433,976
Net profit for the year	-	-	-	8,035,233	3,753,353	11,788,586
Acquisition of subsidiary	4,845,000	14,051,054	-	-	1,414,661	20,310,715
Balance as at 31 December 2011	20,345,100	14,051,054	6,119,827	9,849,282	5,168,014	55,533,277

The Company

	Share Capital RM	Share premium RM	Warrant Reserves RM	Retained Profit RM	Total RM
As at 6 November 2009	100	-	-	-	100
Net profit for the period	-	-	-	5,738,764	5,738,764
Issue of shares during the period	15,500,000	3,852,389	-	-	19,352,389
Bonus issue of warrant	-	(3,852,389)	6,119,827	(2,267,438)	-
Balance as at 31 December 2010	15,500,100	-	6,119,827	3,471,326	25,091,253
Net profit for the year	-	-	-	(1,437,363)	(1,437,363)
Acquisition of subsidiary	4,845,000	14,051,054	-	-	18,896,054
Balance as at 31 December 2011	20,345,100	14,051,054	6,119,827	2,033,963	42,549,944

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	**11,958,164**	4,053,090	**(1,437,363)**	5,738,764
Adjustments for:				
Amortisation	**631,263**	-	**-**	-
Depreciation	**679,808**	299,855	**93,584**	35,048
Interest expense	**426,118**	-		
Interest income	**(6,525)**	(19,835)	**-**	-
Dividend income	**-**	-	**-**	(6,500,000)
Operating profit/(loss) before working capital changes	**13,688,828**	4,333,110	**(1,343,779)**	(726,188)
Amount due from customer	**(39,064)**	-	**-**	-
Inventories	**(114,294)**	39,956	**-**	-
Receivables	**(12,696,891)**	(8,668,790)	**(94,500)**	(24,901)
Subsidiaries	**-**	-	**(2,728,955)**	(7,551,157)
Payables	**359,282**	2,527,567	**(678,115)**	1,111,818
Director	**207,898**	-	**750,000**	-
Cash generated from/ (used in) operations	**1,405,759**	(1,768,157)	**(4,095,349)**	(7,190,428)
Interest received	**6,525**	19,835	**-**	-
Interest paid	**(426,118)**	-	**-**	-
Tax paid	**(11,308)**	(957)	**-**	-
Net cash generated from/ (used in) operating activities	**974,858**	(1,749,279)	**(4,095,349)**	(7,190,428)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of plant and equipment	**(307,957)**	(302,221)	**(5,063)**	(144,496)
Purchase of subsidiary companies	**-**	-	**-**	(2,250,000)
Expenses paid for purchase of subsidiary	**(483,946)**	-	**(483,946)**	-
Payment of development cost	**(2,338,654)**	(1,461,724)	**-**	-
Dividend received	**-**	-	**-**	6,500,000
Placement of fixed deposit with licensed bank	**(736,000)**	-	**-**	-
Cash and cash equivalent acquired	**711,973**	2,627,242	**-**	-
Net cash (used in)/generated from investing activities	**(3,154,584)**	863,297	**(489,009)**	4,105,504

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2011 (cont'd)

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	**-**	7,852,489	**-**	7,852,489
Repayment to hire purchase payables	**(340,386)**	(31,568)	**(37,893)**	(11,979)
Net cash (used in)/generated from financing activities	**(340,386)**	7,820,921	**(37,893)**	7,840,510
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(2,520,112)**	6,934,939	**(4,622,251)**	4,755,586
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**6,934,939**	-	**4,755,586**	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**4,414,827**	6,934,939	**133,335**	4,755,586
Represented by :				
Cash in hand	**4,438**	477	**100**	100
Cash at banks	**4,410,389**	6,934,462	**133,235**	4,755,486
	4,414,827	6,934,939	**133,335**	4,755,586

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 company domiciled and incorporated in Malaysia and listed on the Ace Market of Bursa Malaysia Securities Berhad. The financial statements of the Company are reported in Ringgit Malaysia.

The registered office is located at 149-A, Jalan Aminnudin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

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

The Company is principally engaged in investment holding, management and consultancy services. The principal activities of its subsidiaries are disclosed in Note 6 in the notes to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

The financial statements of the Group and the Company were authorised for issue by the Boards of Directors on 26 April 2012.

2) BASIS OF PREPARATIONS OF FINANCIAL STATEMENTS

a) Statement Of Compliance

The financial statement of the Group and the Company have been prepared on the historical cost basis in accordance with the provisions of Companies Act, 1965 in Malaysia and Financial Reporting Standards (FRSs).

b) Changes In Accounting Policies

On 1 January 2011, the Group and the Company adopted the following new and amended Financial Reporting Standards ("FRS"), amendments to FRSs, Issue Committee ("IC") Interpretation, Technical Releases ("TR") and Statement of Principles ("SOP") mandatory for annual financial periods beginning on or after 1 January 2011:

FRSs, Amendments to FRSs, IC Interpretation and TR	
FRS 1	First-Time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Company Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2) BASIS OF PREPARATIONS OF FINANCIAL STATEMENTS (CONT'D)

b) Changes In Accounting Policies (cont'd)

FRSs, Amendments to FRSs, IC Interpretation and TR	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
TR 3	Guidance on Disclosures of Transition to IFRSs
TR i-4	Shariah Compliant Sale Contracts

The above FRSs, IC Interpretation and Amendments are not relevant to the Company except FRS 3, Amendment to FRS 3, FRS 127, Amendment to FRS 7, Amendment to FRS 101. The applicable FRSs, IC Interpretation and Amendments are expected to have no significant impact on the financial statements of the Company.

c) FRSs, Amendment To FRSs, IC Interpretation Issued But Not Yet Effective

The Company have not applied the following new / revised accounting standards (including the consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Company:

FRSs, Amendment to FRSs, and IC Interpretations		Effective for annual periods beginning on or after
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguish Financial Liabilities with Equity Instruments	1 July 2011
FRS 124	Related Party Disclosures (revised)	1 January 2012
Amendments to FRS7	Financial Instruments: Disclosures - Transfer of Financial Assets	1 January 2012
Amendments to FRS112	Income Taxes - Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS101	Presentation of Financial Statement - Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9	Financial Instruments (2009)	1 January 2013
FRS 9	Financial Instruments (2010)	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Agreements	1 January 2013
FRS12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits (2011)	1 January 2013

2) BASIS OF PREPARATIONS OF FINANCIAL STATEMENTS (CONT'D)

c) FRSs, Amendment To FRSs, IC Interpretation Issued But Not Yet Effective (cont'd)

FRSs, Amendment to FRSs, and IC Interpretations		Effective for annual periods beginning on or after
FRS 127	Separate Financial Statements (2011)	1 January 2013
FRS 128	Investments in Associates and Joint Ventures (2011)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

On 19 November 2011, the MASB announced the adoption of the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS framework is effective from 1 January 2012 to facilitate convergence with the International Financial Reporting Standards (IFRS). Following the announcement, the Group and the Company's next set of financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the MFRS framework issued by MASB and IFRS. As a result for the Group and the Company's adoption of the MFRS framework, the Group and the Company will not be adopting the above FRSs, Interpretations and Amendments.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

a) Significant Accounting Judgements And Estimates

The preparation of the Group and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and tax disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company, unless otherwise stated in the notes to the financial statements.

a) Basis Of Consolidation

i) Subsidiary companies

Subsidiaries are entities, including un-incorporated entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less impairment losses, unless the investment is held for sale or distribution. The cost of investments included transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis Of Consolidation (cont'd)

ii) Accounting For Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date of control is transferred to the Group.

From 1 January 2011, the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The changes in the accounting policies has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per shares.

Acquisition on or after 1 January 2011, the Group measured goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combinations is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not amount related to the settlement for pre-existing relationship. Such amounts are generally recognised on profit or loss.

Costs related to the acquisition, other than those associated with the issue of debts and equity securities, that the Group incur in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is non-remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, any consideration received or paid, is adjusted to or against Group reserves.

iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

v) Transactions Eliminated On Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Property, Plant and Equipment and Depreciation

Plant and equipment are initially recorded at cost. 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 Company 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 the profit or loss during the year in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(e).

Depreciation of plant and equipment is provided on a straight line basis to write off the cost of each asset to their residual value over the estimated useful life, as follows :

Motor vehicles	12.5 – 20.0%
All other plant and equipment	10.0 – 20.0%

Upon the disposal of an item of plant and equipment, the difference between the net disposal proceed and the carrying amount is recognised in the profit or loss.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

c) Intangible Assets

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the assets will flow to the Group and the Company and the cost of the assets can be measured reliably.

i) Internally Generated Intangible Assets

Costs associated with internally generated intangible assets arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and thereafter use it or sell it.
- the ability to either use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phrase.

Other development expenditure is recognised in profit or loss and when it is incurred.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Intangible Assets (cont'd)

After initial recognition, internally generated intangible assets are stated at cost less any accumulated amortisation and impairment losses. The amortisation period and method are reviewed at least at the end of each reporting period. Amortisation will commence once the development work is completed.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss from derecognition of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

d) Goodwill

Goodwill arising on the acquisition of a subsidiary, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, is initially measured at cost and recognised as a non-current asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. Any impairment loss recognised for goodwill is not reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

e) Impairment

i) Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flow of the assets. Losses expected as a result of future events which cannot be reasonably estimated, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in the profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in the profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debts instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Impairment (cont'd)

ii) Non-Financial Assets

The carrying amount of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

f) Financial Instrument

Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when and only when, the Group and the Company become party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risk of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial Instrument (cont'd)

Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

i) Financial Assets At Fair Value Through Profit Or Loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

ii) Held-To-Maturity Instrument

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and where the Group and the Company has the positive intention and ability to hold to maturity. Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

iii) Loans And Receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market and trade and other receivables. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

iv) Available-For-Sale Financial Assets

Available-for-sale financial assets category comprises investment in equity and debts securities instruments that are not held for trading.

Investment in equity instruments that do not have quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in the other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debts instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial Instrument (cont'd)

Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit and loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risk and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

g) Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of 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.

h) Provisions for Liabilities

Provision are recognised when the Group and the Company have 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 risk 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.

i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, cash at banks and short term deposits with licensed financial institutions which can be readily converted to cash and have insignificant risks of changes in value.

j) Income Tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Income Tax (cont'd)

Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

k) Revenue and Income 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 revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Income from the business activities of the Group and the Company is recognised using the following bases:

i) Revenue From Services

Revenue from services comprises fees in relation to software solutions, consultancy and integration services. These revenue are recognised on an accrual basis over the period of services.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Revenue and Income Recognition (cont'd)

ii) Revenue From Sales of Goods

Revenue from sales of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer and is measured at the fair value of the consideration received or receivable, net of discount and indirect taxes applicable to the revenue.

iii) Dividend Income

Dividend income from investments is recognised when the right to receive payment is established.

iv) Interest Income

Bank interest income is recognised on an effective yield basis.

v) Revenue From Contract

Revenue from long term contract works are recognised in accordance to Note 3(r).

Revenue from short term contract works, consultant services and software development is recognised when the work done has been completed.

vi) Other income

Other income represent fixed deposit interest and interests received from banks, gain on disposal of plant and equipment, insurance claims and HRDF reimbursement recognised on accrual basis or when the right of the Company over such income is established.

l) Employee Benefits

i) Short Term Benefits

Wages, salaries, bonuses and social security contributions, paid annual leave, paid sick leave, and non-monetary benefits are recognised as expenses in the financial period when the employees have rendered their services to the Group and the Company.

Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

ii) Defined Contribution Plans

The Group's and the Company's contributions to defined contribution plans are recognised as expense in the financial period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Foreign Currencies

i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

n) Hire Purchase and Finance Lease Payables

Hire purchase and leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Group and the Company.

The Group and the Company initially recognises finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss unless they are attributable to qualifying assets, in which case they are capitalised in accordance with the accounting policy for borrowing costs. Contingent rents are charged as an expense in profit or loss in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the leased assets are depreciated over the shorter of the lease terms and their useful lives.

o) Earnings Per Ordinary Share

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and shares options granted to employees.

3) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Operating Segments

An operating segment is a component of the Group and the Company 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 and Company's other components. An operating segment's operating result are reviewed regularly by the Chief Executive Officer 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.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First-in First-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Net realisable value is estimated based on the most reliable evidence available at the time the estimates are made as to what the inventories are expected to realise upon completion of the cycle.

r) Contract Customers

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion at the balance sheet date. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the financial year in which they are incurred.

Contract revenue also includes variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they can be measured reliably.

An expected loss on the construction contract is recognised as an expense immediately.

4) PROPERTY, PLANT AND EQUIPMENT

The Group

2011	Balance As At 1 January 2011 RM	Acquisition of subsidiary RM	Additions RM	Disposal RM	Balance As At 31 December 2011 RM
Cost					
Air conditioners	-	4,200	-	-	4,200
Computers	867,703	-	93,332	-	961,035
Furniture and fittings	51,718	50,009	-	-	101,727
Motor vehicles	833,495	1,632,567	26,000	-	2,492,062
Moulds	65,065	-	-	-	65,065
Office equipment	41,763	524,908	31,853	-	598,524
Renovation	153,804	255,629	-	-	409,433
	2,013,548	2,467,313	151,185	-	4,632,046

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2011	Balance As At 1 January 2011 RM	Acquisition of subsidiary RM	Charge for the year RM	Disposal RM	Balance As At 31 December 2011 RM
Accumulated Depreciation					
Air conditioners	-	840	420	-	1,260
Computers	395,465	-	179,498	-	574,963
Furniture and fittings	8,546	31,989	15,345	-	55,880
Motor vehicles	84,169	297,875	372,937	-	754,981
Moulds	22,153	-	13,013	-	35,166
Office equipment	13,406	419,948	42,271	-	475,625
Renovation	56,649	168,710	56,324	-	281,683
	580,388	919,362	679,808	-	2,179,558

2010	Balance As At 6 November 2009 RM	Acquisition of subsidiaries RM	Additions RM	Disposal RM	Balance As At 31 December 2010 RM
Cost					
Computers	-	824,005	43,698	-	867,703
Furniture and fittings	-	25,157	26,561	-	51,718
Motor vehicles	-	-	833,495	-	833,495
Moulds	-	58,765	6,300	-	65,065
Office equipment	-	25,755	16,008	-	41,763
Renovation	-	109,645	44,159	-	153,804
	-	1,043,327	970,221	-	2,013,548

2010	Balance As At 6 November 2009 RM	Acquisition of subsidiaries RM	Charge for the period RM	Disposal RM	Balance As At 31 December 2010 RM
Accumulated Depreciation					
Computers	-	227,581	167,884	-	395,465
Furniture and fittings	-	2,412	6,134	-	8,546
Motor vehicles	-	-	84,169	-	84,169
Moulds	-	9,496	12,657	-	22,153
Office equipment	-	7,885	5,521	-	13,406
Renovation	-	33,159	23,490	-	56,649
	-	280,533	299,855	-	580,388

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2011 RM	2010 RM
Carrying Amount		
Air conditioners	**2,940**	-
Computers	**386,072**	472,238
Furniture and fittings	**45,847**	43,172
Motor vehicles	**1,737,081**	749,326
Moulds	**29,899**	42,912
Office equipment	**122,899**	28,357
Renovation	**127,750**	97,155
	2,452,488	1,433,160

Motor vehicles of the Group were acquired under hire purchase schemes.

The Company

2011	Balance As At 1 January 2011 RM	Additions RM	Disposal RM	Balance As At 31 December 2011 RM
Cost				
Computers	2,699	3,580	-	6,279
Furniture and fittings	23,306	-	-	23,306
Motor vehicle	392,180	-	-	392,180
Office equipment	2,908	1,483	-	4,391
Renovation	43,403	-	-	43,403
	464,496	5,063	-	469,559

2011	Balance As At 1 January 2011 RM	Charge for the year RM	Disposal RM	Balance As At 31 December 2011 RM
Accumulated Depreciation				
Computers	45	1,077	-	1,122
Furniture and fittings	777	4,661	-	5,438
Motor vehicle	32,682	78,436	-	111,118
Office equipment	97	730	-	827
Renovation	1,447	8,680	-	10,127
	35,048	93,584	-	128,632

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2010	Balance As At 6 November 2009 RM	Additions RM	Disposal RM	Balance As At 31 December 2010 RM
Cost				
Computers	-	2,699	-	2,699
Furniture and fittings	-	23,306	-	23,306
Motor vehicle	-	392,180	-	392,180
Office equipment	-	2,908	-	2,908
Renovation	-	43,403	-	43,403
	-	464,496	-	464,496

2010	Balance As At 6 November 2009 RM	Charge for the period RM	Disposal RM	Balance As At 31 December 2010 RM
Accumulated Depreciation				
Computers	-	45	-	45
Furniture and fittings	-	777	-	777
Motor vehicle	-	32,682	-	32,682
Office equipment	-	97	-	97
Renovation	-	1,447	-	1,447
	-	35,048	-	35,048

	2011 RM	2010 RM
Carrying Amount		
Computers	**5,157**	2,654
Furniture and fittings	**17,868**	22,529
Motor vehicle	**281,062**	359,498
Office equipment	**3,564**	2,811
Renovation	**33,276**	41,956
	340,927	429,448

Motor vehicles of the Company were acquired under hire purchase schemes.

5) GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess of purchase price over the fair value of the identifiable assets and liabilities in subsidiary companies acquired and are stated at cost. No impairment loss is required to be provided in respect of the current financial year.

6) INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2011	2010
	RM	RM
Balance at start of the financial year / period	**13,750,000**	-
Add: Acquisition of subsidiary companies	**19,380,000**	13,750,000
Balance at end of the financial year / period	**33,130,000**	13,750,000

The particulars of the subsidiaries are as follows:

	Group's effective interest (%)		
Name	2011	2010	Principal Activities
Direct			
EASS Sdn. Bhd.	**100%**	100%	E-Business consultancy and hardware system integration specialists
CSS MSC Sdn. Bhd.	**100%**	100%	Provision of business intelligence software and development, IT service and management consultancy and system integration
DDSB (M) Sdn. Bhd.	**51%**	-	Information technology, consultancy services and software development
Indirect			
EA MSC Sdn. Bhd.*	**100%**	100%	Research, design, development, sales & distribution of RFID-based tracking system

* Held under EASS Sdn. Bhd.

All the companies were incorporated in Malaysia and were audited by Chong & Co.

7) DEVELOPMENT EXPENDITURE

2011	Balance As At 1 January 2011 RM	Acquisition of subsidiary RM	Additions RM	Disposal RM	Balance As At 31 December 2011 RM
Cost					
Mobile field force automation system (MoFFAS)	-	**3,821,527**	-	-	**3,821,527**
Web-based integration modules for SAP-HR	-	**58,690**	**2,817,455**	-	**2,876,145**
Core banking solutions	**1,144,744**	-	**423,558**	-	**1,568,302**
Real time location tracking system	**316,980**	-	**262,998**	-	**579,978**
	1,461,724	**3,880,217**	**3,504,011**	-	**8,845,952**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7) DEVELOPMENT EXPENDITURE (CONT'D)

2011	Balance As At 1 January 2011 RM	Acquisition of subsidiary RM	Charge for the year RM	Disposal RM	Balance As At 31 December 2011 RM
Accumulated Amortisation					
Mobile field force automation system (MoFFAS)	-	3,190,264	631,263	-	3,821,527
Web-based integration modules for SAP-HR	-	11,738	-	-	11,738
Core banking solutions	-	-	-	-	-
Real time location tracking system	-	-	-	-	-
	-	3,202,002	631,263	-	3,833,265

2010	Balance As At 6 November 2009 RM	Additions RM	Disposal RM	Balance As At 31 December 2010 RM
Cost				
Core banking solutions	-	1,144,744	-	1,144,744
Real time location tracking system	-	316,980	-	316,980
	-	1,461,724	-	1,461,724

	Balance As At 6 November 2009 RM	Charge for the year RM	Disposal RM	Balance As At 31 December 2010 RM
Accumulated Amortisation				
Core banking solutions	-	-	-	-
Real time location tracking system	-	-	-	-
	-	-	-	-

	2011 RM	2010 RM
Carrying Amount		
Mobile field force automation system (MoFFAS)	-	-
Web-based integration modules for SAP-HR	2,864,407	-
Core banking solutions	1,568,302	1,144,744
Real time location tracking system	579,978	316,980
	5,012,687	1,461,724

7) DEVELOPMENT EXPENDITURE (CONT'D)

Mobile field force automation system (MoFFAS)

Development expenditure represents the cost of designing Mobile field force automation system (MoFFAS) for the purposes of securing future projects. The product has been completed and the amount are amortised through income statement over 5 years and were fully amortised at the end of the year.

Web-based integration modules for SAP-HR

Development expenditure represents the cost of designing Web-based integration modules for SAP-HR for the purposes of securing future projects. The products are still at the development stage. Therefore, no amortization is provided.

Core banking solutions

Development cost includes labour cost incurred for the development of several integrated banking solutions software to be sold as part of Company's product and service. Included in development cost is director's salary amounted to RM84,048 (2010 – RM47,700). No amortisation is provided as the product is still at the development stage.

Real time location tracking system

Development cost includes labour cost incurred for the development of several integrated banking solutions software to be sold as part of Company's product and service. Included in development cost is director's salary amounted to RM80,100 (2010 – RM36,900). No amortisation is provided as the product is still at the development stage.

8) AMOUNT DUE FROM CUSTOMER

	The Group	
	2011	2010
	RM	RM
Aggregate contracts cost incurred to date	**4,430,827**	-
Contracts attributable profit	**8,088,237**	-
	12,519,064	-
Less: Progress billings	**(12,480,000)**	-
	39,064	-

9) INVENTORIES

Inventories are stated at cost and consist of:

	The Group	
	2011	2010
	RM	RM
Raw materials	**137,465**	117,644
Finished goods	**182,206**	87,733
	319,671	205,377

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

10) TRADE RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Neither pass due nor impaired				
Less than 30 days	**10,468,875**	2,409,254	**79,500**	-
31 to 60 days	**1,447,931**	62,539	**-**	-
61 to 90 days	**1,251,059**	29,144	**-**	-
91 to 120 days	**2,859,191**	2,885,641	**-**	-
More than 120 days	**13,108,041**	8,964,836	**-**	-
	29,135,097	14,351,414	**79,500**	-
Pass due not impaired				
Less than 30 days	**1,500,112**	231,669	**-**	-
31 to 60 days	**-**	4,110	**-**	-
61 to 90 days	**328,568**	92,747	**-**	-
	1,828,680	328,526	**-**	-
Total trade receivables	**30,963,777**	14,679,940	**79,500**	-

Receivables that are neither pass due nor impaired

Trade receivables that are neither pass due nor impaired are creditworthy receivables with good payment records with the Group and the Company and there is no recent history of material default.

None of the Group and the Company's trade receivables that are neither pass due or impaired have been renegotiated during the financial year.

Receivables that are pass due but not impaired

The Group have trade receivables amounting to RM3,083,191 (2010 - RM1,977,642) that are past due at the reporting date but not impaired.

No impairment loss on these trade receivables has been made as in the opinion of the management these receivables are still collectible.

The Group's and the Company's normal credit term is 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

11) OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Other receivables	**3,080**	5,500	**-**	-
Deposits	**1,631,360**	282,697	**24,901**	24,901
Prepayment	**15,000**	-	**15,000**	-
	1,649,440	288,197	**39,901**	24,901

12) AMOUNTS DUE FROM / TO SUBSIDIARY COMPANIES

The amounts due from / to subsidiary companies arose mainly from inter-company advances and payment made on behalf. The amounts are interest free, unsecured and repayable on demand.

13) FIXED DEPOSITS WITH LICENSED BANK

The fixed deposits were pledged with licensed bank as security for bank guarantee and bear interest at 2.55% and 3.10% per annum.

14) TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company is 30 to 90 days. Other trade credit terms are assessed and approved on a case-by-case basis.

15) OTHER PAYABLES

Other payables of the Group and the Company consist of accruals only.

16) AMOUNT DUE TO A DIRECTOR

This amount is interest free, unsecured and repayable on demand.

17) HIRE PURCHASE PAYABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Payable within 1 year	**660,868**	117,324	**56,124**	56,124
Payable between 1 and 5 years	**1,346,716**	586,620	**261,844**	280,620
Payable after 5 years	**419,473**	67,936	**-**	37,348
	2,427,057	771,880	**317,968**	374,092
Less: Future interest charges	**(354,328)**	(135,448)	**(47,840)**	(66,071)
	2,072,729	636,432	**270,128**	308,021
Current liability				
- Payable within 1 year	**558,165**	79,503	**40,830**	37,893
Non-current liability				
- Payable between 1 and 5 years	**1,119,658**	490,200	**229,298**	233,514
- Payable after 5 years	**394,906**	66,729	**-**	36,614
	2,072,729	636,432	**270,128**	308,021

The effective interest rates of the Group ranged from 4.36 % to 9.0% (2010 - 3.23% and 6.10%) per annum on monthly rest and of the Company was 6.01% (2010 – 6.01%) per annum on monthly rest.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18) BILLS PAYABLE

The following banking facilities was granted by a licensed bank to a subsidiary company;

a) Domestic Recourse Factoring (DRF)

The DRF was granted by a licensed bank to finance up to maximum of 80% of trade invoices generated from proposed paymasters as approved by the licensed bank.

The interest rates charged by the bank were 2.0% per annum above the bank's base lending rate on daily rest and 0.7% flat on all invoices factored, subject to a minimum charge of RM4,800 per annum.

These facilities are secured by an assignment of contract proceeds in respect of the contracts by way of Letter of Notification from the company and duly acknowledged by the authorised officials of the factored customer to remit all contract proceeds to the licensed banks.

b) Local And Foreign Letter Of Credit (Local and Foreign LC)

The Local and Foreign LC was granted by a licensed bank to facilitate local purchases and import of goods related to the contracts.

The interest rates charged by the bank were 0.1% per month, subject to a minimum of RM50 per letter of credit.

These facilities are secured by 20% cash margin (payable to the licensed bank upon utilization).

c) Local And Foreign Trust Receipt (Local and Foreign TR)

The Local and Foreign TR was granted by a licensed bank to finance local purchases and import against the licensed bank's letter of credit and non-letter of credit purchases.

The interest rates charged by the bank were 2.0% per annum above bank's base lending rate.

d) Bank Guarantee (BG)

The BG was granted by a licensed bank as tender and performance bonds in favour of government agencies and other approved private corporations acceptable to the licensed bank.

The interest rates charged by the bank were 0.1% per month, subject to a minimum of RM100 per bank guarantee.

These facilities are secured by 20% cash margin (payable to the licensed bank upon utilization).

All of the above facilities are jointly and severally guaranteed by the directors and an employee of the Company.

The bank's base lending rate was 6.60% (2010 – 6.30%) per annum at the end of the financial year.

19) CURRENT TAX LIABILITIES

	The Group	
	2011	**2010**
	RM	**RM**
At start of the financial year / period	**3,892**	-
Acquisition of subsidiary companies	**90,556**	2,250
Add/(Less): Current year / period tax provision	**154,010**	3,892
Over provision in prior year / period	**-**	(1,293)
	248,458	4,849
Less: Payment made during the year / period	**(11,308)**	(957)
At end of the financial year / period	**237,150**	3,892

20) SHARE CAPITAL

	The Company	
	2011	**2010**
	RM	**RM**
Ordinary shares of RM0.10 each		
Authorised:		
At start of the financial year / period	**25,000,000**	1,000,000
Increase during the financial year / period	**25,000,000**	24,000,000
At the end of the financial year / period	**50,000,000**	25,000,000
Issued and fully paid:		
At start of the financial year / period	**15,500,100**	100
Increase during the financial year / period	**4,845,000**	15,500,000
At the end of the financial year / period	**20,345,100**	15,500,100

On 18 Aug 2011, the Company's authorised share capital was increased from 250,000,000 ordinary shares of RM0.10 to 500,000,000 ordinary shares of RM0.10.

On 22 August 2011, the Company has issued 48,450,000 ordinary shares of RM0.10 each at RM0.40 per share for the acquisition of subsidiary.

The new ordinary shares issued rank pari passu in respect of the distribution of dividends and repayment of capital with the existing ordinary shares.

Acquisition

On 16 June 2011, the Company entered into a sales and purchase of shares agreement for the acquisition of 1,275,000 DDSB (M) Sdn. Bhd. shares, representing 51% of the issued and paid share capital of DDSB (M) Sdn. Bhd. for a purchase consideration of RM19,380,000 to be fully satisfied with the issuance of 48,450,000 ordinary share of RM0.10 each at RM0.40 per share.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

20) SHARE CAPITAL (CONT'D)

Capital Management

The Group and the Company's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group and the Company defines as results from operating activities divided by total shareholders' equity.

There were no changes in the Group and the Company's approach to capital management during the year. The Group and the Company is not subject to externally imposed capital requirements.

21) SHARE PREMIUM

Share premium arose from the issue of ordinary shares in excess of the par value as follow:

	The Group / The Company
2011	**RM**
At start of financial year	-
Add: Issue of 48,450,000 ordinary shares of RM0.10 each at issue price of RM0.40 per share	**14,535,000**
Less: Issuance expenses	**(483,946)**
At end of financial year	**14,051,054**

2010	**RM**
At date of incorporation	-
Add: Public issue of 40,000,000 ordinary shares of RM0.10 each at issue price of RM0.25 per share	6,000,000
Less: Listing expenses	(2,147,611)
Less: Transfer to Warrant Reserve	(3,852,389)
At end of financial period	-

22) WARRANT RESERVE

On 8 December 2010, 77,500,500 free warrants were issued on the basis of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each in the Company held. 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.

Warrant reserve represents the total value of the free warrants computed based on the theoretical fair value of RM0.078965 per warrant, which was arrived at using Black-Scholes option pricing model as at 24 September 2010. The warrants will expire on 7 December 2015. As at 31 December 2011, no warrant had been exercised.

23) RETAINED PROFITS

There is no restriction to the distribution of the retained profits to the shareholders under the single tier tax system.

24) DEFERRED TAX LIABILITIES

The balance in deferred tax liability of the Group is made up of tax effect of taxable temporary differences arising from excess of capital allowance over depreciation.

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Balance at start of the financial year	**65,304**	-	**-**	-
Acquisition of subsidiary companies	**40,441**	96,300	**-**	-
Transfer from / (to) income statement	**15,568**	(30,996)	**-**	-
Balance at end of the financial year	**121,313**	65,304	**-**	-

Deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised by the Group and the Company as the future profit streams are unpredictable. However, the unused tax losses may be carried forward indefinitely.

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Excess of capital allowances over depreciation	**8,950**	63,434	**8,950**	15,900
Unabsorbed capital allowances and tax losses	**(465,401)**	(259,148)	**(465,401)**	(198,184)
	(456,451)	(195,714)	**(456,451)**	(182,284)

25) STAFF COSTS

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Director:				
Fees, salaries, allowances and bonuses	**999,478**	649,400	**27,000**	121,500
Defined Contribution Plans	**60,256**	41,628	**-**	12,960
	1,059,734	691,028	**27,000**	134,460
Less: Amount capitalised under development expenditure	**(79,548)**	(84,600)	**-**	-
	980,186	606,428	**27,000**	134,460
Staff:				
Fees, salaries, allowances and bonuses	**4,448,056**	2,578,402	**644,256**	384,392
Defined Contribution Plans	**646,156**	314,997	**60,588**	26,100
Other benefits	**39,354**	35,799	**3,357**	3,328
Other staff related expenses	**298,538**	23,472	**11,689**	7,200
	5,432,104	2,952,670	**719,890**	421,020
Total staff cost	**6,412,290**	3,559,098	**746,890**	555,480

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26) NET PROFIT / (LOSS) BEFORE TAX

The following items have been charged / (credited) in arriving at net profit / (loss) before tax:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Amortisation	**631,263**	-	**-**	-
Audit fee	**91,000**	44,000	**20,000**	12,000
Depreciation	**679,808**	299,855	**93,584**	35,048
Directors' fees	**27,000**	13,500	**27,000**	13,500
Directors' remuneration	**892,930**	551,300	**-**	108,000
Hire purchase interest	**222,132**	17,740	**18,231**	6,729
Letter of credit charges	**206,986**	-	**-**	-
Rental charges	**353,580**	195,946	**83,648**	62,046
Interest income	**(6,525)**	(19,835)	**-**	-
Dividend income	**-**	-	**-**	(6,500,000)

27) INCOME TAX EXPENSE

The major components of the income tax expense are:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Provision for current year tax	**154,010**	3,892	**-**	-
Over provision in prior year	**-**	(1,293)	**-**	-
Transfer to / (from) deferred taxation account	**15,568**	(30,996)	**-**	-
	169,578	(28,397)	**-**	-

The numerical reconciliation between the tax expense and the product of accounting profit / (loss) multiplied by the applicable tax rates are as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Accounting profit / (loss)	**11,958,164**	4,053,090	**(1,437,362)**	5,738,764
Tax at applicable rate of 25%	**2,989,542**	1,013,273	**(359,341)**	1,434,691
Add / (Less):				
Expenses not deductible for tax purpose	**377,857**	61,751	**59,513**	8,025
Effect of Income exempted from tax	**(3,490,948)**	(1,340,266)	**-**	(1,625,000)
Deferred tax assets:				
- Current year	**456,451**	201,737	**456,451**	182,284
- Prior year	**(201,737)**	-	**(182,284)**	-

27) INCOME TAX EXPENSE (CONT'D)

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Increase in tax rate	**10,110**	29,657	**-**	-
Previous year deferred taxation not taken up	**27,722**	(9,561)	**25,661**	-
Acquisition of subsidiary deferred tax assets	**-**	16,305	**-**	-
Over provision in prior years	**-**	(1,293)	**-**	-
Rounding of provision for taxation	**581**	-	**-**	-
Income tax expense for the financial year	**169,578**	(28,397)	**-**	-

No provision for taxation was made on the Group's income from which the three of the subsidiary companies EA MSC Sdn. Bhd., CSS MSC Sdn. Bhd. and DDSB (M) Sdn Bhd. were granted pioneer status by Multimedia Super Corridor under Section 4A of the Promotion of Investments (Amendment) Act, 1986, where the business income is tax exempted for a period of ten years beginning 15 May 2008, 2 July 2009 and 1 October 2003 respectively.

The unabsorbed tax losses and capital allowances for the Group and the Company carried forward to later year amounted to:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unabsorbed tax losses	**1,794,125**	942,674	**1,794,125**	722,609
Unabsorbed capital allowance	**67,481**	93,922	**67,481**	70,129
	1,861,606	1,036,596	**1,861,606**	792,738

This computation is subject to the agreement of the Inland Revenue Board.

28) EARNINGS PER SHARE

a) Basic Earnings Per Share

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the financial period:

	2011	2010
	RM	RM
Profit for the year / period	**8,035,233**	4,081,487
Weighted average shares for the financial year / period		
Shares at beginning of the year / period	**121,987,301**	1,000
Effect of issue of shares during the year / period	**50,269,699**	121,986,301
Shares at end of the financial year / period	**172,257,000**	121,987,301
Earnings per share (Sen)	**4.66**	3.35

28) EARNINGS PER SHARE (CONT'D)

b) Diluted Earnings Per Share

Diluted earnings per share is not applicable for the financial period as the unexercised 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.

29) SEGMENT ANALYSIS

Business Segment

a) The Group's Operation Comprise The Following Business Segments:

i) ICT Services: Provision of system and infrastructure integration services and ICT consultancy services.

ii) Software solutions: Business Intelligence and Data warehousing solutions and automated invoices processing solution.

iii) RFID and access control system: Sales and distribution of RFID-based tracking system and the provision of access control systems.

	ICT Services	Software Solutions	RFID and access control system	Total
	RM	RM	RM	RM
Revenue	8,395,163	22,726,406	5,462,259	36,583,828
Less: Cost of sales	(5,850,000)	(5,047,549)	(3,336,127)	(14,233,676)
	2,545,163	17,678,857	2,126,132	22,350,152
Profit before tax				11,958,164
Income tax expenses				(169,578)
Profit for the year				11,788,586
Other comprehensive income				-
Total comprehensive income				11,788,586

Geographical Segment

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.

30) ACQUISITION OF SUBSIDIARY COMPANY

Subsidiary company acquired during the financial year was as follow:

	Purchase consideration RM	Group's effective interest %	Effective acquisition date
2011			
DDSB (M) Sdn. Bhd.	19,380,000	51	22 August 2011
2010			
EASS Sdn. Bhd. and its subsidiary EA MSC Sdn. Bhd.	5,500,000	100	8 February 2010
CSS MSC Sdn. Bhd.	6,000,000	100	8 February 2010

The net assets acquired in the transaction, and the goodwill arising therefrom, are as follows:

	2011 RM	2010 RM
Non-current assets	**1,649,723**	762,794
Current assets	**2,886,683**	9,171,922
Non-current liabilities	**(20,625)**	(96,300)
Current liabilities	**(3,043,379)**	(105,359)
	1,472,402	9,733,057
Goodwill on consolidation	**17,907,598**	1,766,943
Purchase consideration	**(19,380,000)**	(11,500,000)
	-	-
Cash and cash equivalent acquired	**711,973**	2,627,242
Less: Expenses paid for purchase of subsidiary company	**(483,946)**	-
Net cash inflow on acquisition	**228,027**	2,627,242

The effect of the acquisition on the financial position as at balance sheet date are as follows:

	2011 RM	2010 RM
Property, plant and equipment	**1,303,301**	1,003,712
Development expenditure	**2,864,407**	1,461,724
Amount due from customers	**39,064**	-
Inventories	**-**	205,377
Trade receivables	**9,578,186**	14,679,940
Other receivables	**1,114,255**	263,296
Cash and cash equivalent	**242,368**	2,179,353
Trade payables	**(605,347)**	(1,370,711)
Other payables	**(200,520)**	(148,147)
Hire purchase payables	**(1,490,971)**	(328,411)
Bill payables	**(2,373,090)**	-
Current tax liabilities	**(83,140)**	(3,892)
Deferred taxation	**(41,128)**	(65,304)
Increase in Group's net assets	**10,347,385**	17,876,937

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30) ACQUISITION OF SUBSIDIARY COMPANY (CONT'D)

The effects of the acquisition of subsidiary company on the financial results of the Group during the financial year are as follow:

	2011 RM	2010 RM
Income	**7,048,186**	16,580,775
Expenses	**(3,547,201)**	(13,260,524)
Increase in Group's net profit	**3,500,985**	3,320,251

31) CAPITAL COMMITMENT

The Group has committed to purchase two units of mould for a total amount of RM25,000 in which RM12,500 has been paid and included in other receivables account.

32) DIVIDEND

There were no dividends paid or proposed since the end of the last financial period. The directors do not recommend the payment of any dividend in respect of the current financial year.

33) FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

Financial Assets

Loan and Receivables at amortised cost:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Amount due by a customer	**39,064**	-	**-**	-
Trade receivables	**30,963,777**	14,679,940	**79,500**	-
Other receivables (excluding prepayment)	**1,634,440**	288,197	**24,901**	24,901
Amount due from subsidiary companies	**-**	-	**10,780,112**	8,801,157
Fixed deposits with licensed bank	**736,000**	-	**-**	-
Cash and cash equivalent	**4,414,827**	6,934,939	**133,335**	4,755,586
	37,788,108	21,903,076	**11,017,848**	13,581,644

33) FINANCIAL INSTRUMENTS (CONT'D)

a) Categories of Financial Instruments (cont'd)

Financial liabilities

Other Financial Liabilities at amortised cost:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade payables	**3,321,836**	2,370,711	**-**	1,000,000
Other payables	**853,100**	259,965	**433,703**	111,818
Amount due to subsidiary companies	**-**	-	**500,000**	1,250,000
Amount due to a director	**750,000**	-	**750,000**	-
Hire purchase payables	**2,072,729**	636,432	**270,128**	308,021
Bill payables	**2,373,090**	-	**-**	-
	9,370,755	3,267,108	**1,953,831**	2,669,839

b) Financial Risk Management Objective And Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, and market risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

i) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Receivables

The management has a credit policy in place and the exposure to credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the company's associations to business partners with high creditworthiness and those with long established history. Trade receivables are monitored on an on- going basis via regular company's reporting procedures.

As at 31 December 2011, certain trade receivables of the Group has exceeded its normal trade credit terms but the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that will eventually be received.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts shown in the statement of financial position as disclosed in Note 10 and Note 11.

Management has taken reasonable steps to ensure that receivables that are not impaired are stated 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.

33) FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Management Objective And Policies (cont'd)

i) Credit Risk (cont'd)

Inter company balances

The Company provides unsecured loans and advances to subsidiary. The Company monitors the results of its subsidiaries regularly.

As at 31 December 2011, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 31 December 2011, there was no indication that the loans and advances extended to the subsidiaries are not recoverable.

Fixed deposits with licensed banks and cash and cash equivalent

Fixed deposits with licensed banks and cash and cash equivalent are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

ii) Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group and the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group and the Company actively manages their operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet their working capital requirements.

All financial liabilities of the Group and the Company that will be due and payable within the next 12 months are classified within current liabilities. The contractual cash flows of hire purchase payables are presented below:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Within 1 year	**660,868**	117,324	**56,124**	56,124
Between 1 and 5 years	**1,365,492**	586,620	**261,844**	280,620
After 5 years	**456,821**	67,936	**-**	37,348
Total contractual undiscounted cash flows	**2,483,181**	771,880	**317,968**	374,092
Total carrying amount	**2,110,622**	636,432	**270,128**	308,021

iii) Market Risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group and the Company's financial position and cash flows.

33) FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Management Objective And Policies (cont'd)

iii) Market Risk (cont'd)

Interest rate risk

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

The Group's exposure to interest rate risks relates primarily to the Group and the Company's fixed deposits with licensed banks and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manages its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrows principally on a floating rate basis and ensure that interest risk rates obtained are competitive.

The interest rate profile of the Group and the Company's significant interest-bearing financial instrument have been presented in Note 17 and Note 18.

c) Fair Value Of Financial Instruments

The carrying amount of financial assets and liabilities classified within current assets and current liabilities respectively proximate their fair values due to the relatively short term nature of these financial instruments.

The fair value of quoted investment is estimated based on their quoted market prices as at the end of the reporting period.

The carrying amount of the non-current portion of hire purchase payables and term loans are a reasonable approximation of its fair value due to the insignificant impact of discounting.

34) COMPARATIVE FIGURES

The corresponding period for last financial period was from 6 November 2009 to 31 December 2010.

35) SUBSEQUENT EVENT

a) On 13 January 2012, the paid-up capital of the Company was increased from RM20,345,100 to RM30,517,650 pursuant to the bonus issue of 101,725,500 ordinary shares of RM0.10 each credited as fully paid up on the basis of one bonus shares for every two existing shares held on 12 January 2012.

b) Pursuant to abovementioned bonus issue and the relevant provisions of the Deed Poll dated 25 November 2010 constituting the Warrants 2010 / 2015, the exercise price of the Warrants was revised downwards from RM0.59 to RM0.40 and an additional 38,750,250 Warrants was issued on 13 January 2012.

36) SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFIT INTO REALISED AND UNREALISED

The breakdown of the retained profit of the Group and the Company as at 31 December 2011 into realised and unrealised profit in presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants.

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total retained profits:				
- Realised	**19,722,755**	7,574,610	**2,033,963**	3,471,326
- Unrealised	**(121,313)**	(27,504)	**-**	-
(in respect of deferred tax recognised in the income statement)				
Less: Consolidation adjustment	**(9,752,160)**	(5,733,057)	**-**	-
Total retained profit	**9,849,282**	1,814,049	**2,033,963**	3,471,326

ANALYSIS OF SHAREHOLDINGS

SHAREHOLDING STRUCTURE AS AT 30 APRIL 2012

Share Capital

Authorised Share Capital	**RM50,000,000**
Issued and fully paid-up capital	**RM30,517,650**
Class of shares	**Ordinary Shares of RM0.10 each**
Voting Rights	**One vote per share**

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 APRIL 2012

	No. of holders	%	No. of shares	%
Less than 100	7	0.35	190	0.00
100 - 1,000	42	2.11	14,120	0.01
1,001 - 10,000	387	19.46	2,500,350	0.82
10,001 - 100,000	1,307	65.71	49,340,800	16.17
100,001 and below 5%	243	12.22	80,627,853	26.42
5% and above	3	0.15	172,693,187	56.59
TOTAL	1,989	100.00	305,176,500	100.00

SUBSTANTIAL SHAREHOLDER AS AT 30 APRIL 2012

	Direct Interest		Deemed Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Mohammad Sobri bin Saad	124,478,778	40.79	21,825,210	7.15
Farisah Bt Mohd Farid	26,389,199	8.65	-	-
Norazian binti Abdul Kudus	21,825,210	7.15	-	-

Mohammad Sobri is deemed interested under Section 134(12)(c) of the Companies Act, 1965, by virtue of his spouse, Norazian binti Abdul Kudus' shareholdings in EA Holdings Berhad

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2012

	Direct Interest		Deemed Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Mohammad Sobri bin Saad	124,478,778	40.79	21,825,210	9.39
Basir bin Bachik	410,000	0.13	-	-
Tan Siow Hui	1,500,000	0.49	-	-
Abdul Fattah bin Mohamed Yatim	15	0.00	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-

Mohammad Sobri is deemed interested under Section 134(12)(c) of the Companies Act, 1965, by virtue of his spouse, Norazian binti Abdul Kudus' shareholdings in EA Holdings Berhad

ANALYSIS OF SHAREHOLDINGS
(cont'd)

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 APRIL 2012

NO.	NAME	NO. OF SHARES	%
1	MOHAMMAD SOBRI BIN SAAD	93,676,278	30.70
2	OSK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR MOHAMMAD SOBRI BIN SAAD	30,802,500	10.09
3	NORAZIAN BINTI ABDUL KUDUS	21,825,210	7.15
4	AFFIN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FARISAH BINTI MOHD FARID	13,200,052	4.33
5	FARISAH BT MOHD FARID	13,189,147	4.32
6	PETER AMBROSE SEQUERAH	6,634,548	2.17
7	TAN SOON MOI	4,396,377	1.44
8	YEOH THIAM PENG	2,582,000	0.85
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR KON CHIU HA (MQ0038)	1,755,900	0.58
10	SYED SHAH REDZA BIN SYED	1,598,677	0.52
11	TAN SIOW HUI	1,500,000	0.49
12	AFFIN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SYED SHAH REDZA BIN SYED MOHAMED REDZA (SYE0131C)	1,400,001	0.46
13	CHAN KIN HUA	1,231,150	0.40
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN (E-KKU/LBN)	1,200,000	0.39
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR RAJENDRAN A/L KARUPPIAH	1,185,000	0.39
16	B-OK SDN BHD	1,000,000	0.33
17	TAN KEE SEONG	1,000,000	0.33
18	SIM MUI KHEE	958,000	0.31
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KHOR KIAN HOE (E-KLG/KAP)	816,000	0.27
20	AFFIN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KOH JUI LIAN (KOH0682M)	800,000	0.26
21	HO KAT SIN	750,000	0.25
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG YEE SIONG (E-BPJ/JKA)	732,000	0.24
23	KAMARUZAMAN BIN CHE MAT	700,000	0.23
24	LING TOWI SING @ LING CHOOI	675,000	0.22
25	TAN KEOK YIN	660,000	0.22
26	LOY BOON HOR	650,000	0.21
27	KHOR GEOK BEE	645,000	0.21
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	620,000	0.20
29	LOK WEI SEONG	600,000	0.20
30	WILAYAH BEAUTY GEMS SDN BHD	600,000	0.20

ANALYSIS OF WARRANTHOLDINGS

WARRANTHOLDING STRUCTURE AS AT 30 APRIL 2012

Type of Securities Warrants 2010/2015 ("Warrants")
Voting Rights One vote per warrant in respect of a meeting of warrant holders

DISTRIBUTION OF WARRANTHOLDINGS AS AT 30 APRIL 2012

Name	No. of holders	%	No. of warrants	%
Less than 100	43	4.95	2,815	0.00
100 - 1,000	74	8.53	47,789	0.04
1,001 - 10,000	168	19.35	906,300	0.78
10,001 - 100,000	418	48.16	17,785,700	15.30
100,001 and below 5%	164	18.89	59,614,054	51.28
5% and above	1	0.12	37,894,092	32.60
TOTAL	868	100.00	116,250,750	100.00

DIRECTORS' WARRANTHOLDINGS AS AT 30 APRIL 2012

	Direct Interest		Deemed Interest	
Name	No. of warrants	%	No. of warrants	%
Mohammad Sobri bin Saad	37,894,092	32.60	5,231,354	4.50
Basir bin Bachik	-	-	-	-
Tan Siow Hui	-	-	-	-
Choo Seng Choon	-	-	-	-
Azahar bin Rasul	-	-	-	-
Abdul Fattah bin Mohamed Yatim	17	0.00	-	-

Mohammad Sobri is deemed interested under Section 134(12)(c) of the Companies Act, 1965, by virtue of his spouse, Norazian binti Abdul Kudus' warrantholdings in EA Holdings Berhad

ANALYSIS OF WARRANTHOLDINGS
(cont'd)

LIST OF 30 LARGEST WARRANTHOLDERS AS AT 30 APRIL 2012

NO.	NAME	NO. OF WARRANTS	%
1	MOHAMMAD SOBRI BIN SAAD	37,894,092	32.6
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR LEN BOOK LEARN (M66002)	5,328,600	4.6
3	NORAZIAN BINTI ABDUL KUDUS	5,231,354	4.5
4	ECML NOMINEES (TEMPATAN) SDN. BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN (013)	4,037,200	3.5
5	TAM KOCK KAY @ TAN KOCK KAY	1,800,000	1.5
6	YONG CHEE FOONG	1,650,000	1.4
7	TAM TZE SHEONG	1,500,000	1.3
8	SIM MUI KHEE	1,200,000	1.0
9	AIBB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YEW WOON FATT	1,100,000	0.9
10	TEO YONG CHUAN @ TEO YENG HOCK	799,900	0.7
11	ONG POH GAIK	780,000	0.7
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEOH JAY JAY (E-TSA)	747,450	0.6
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MOHAMED ADZMAN BIN MOHAMED SURA	730,500	0.6
14	SALEH BIN BAHARI	719,800	0.6
15	LEE YON HIN	700,000	0.6
16	NG CHEE SIM	690,000	0.6
17	KAW KENG WAI	660,000	0.6
18	TASEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEOH SOONG EE	615,000	0.5
19	OOI GIN HOO	610,000	0.5
20	THONG KAM WENG	610,000	0.5
21	YEE SEET WAN	600,000	0.5
22	CHONG CHEE LONG	515,850	0.4
23	HO CHEW MOY	450,000	0.4
24	LIM MUI HEONG	450,000	0.4
25	LIM PENG JOO	450,000	0.4
26	PHANG WANG POH	445,800	0.4
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN SIEW GAIK (TTDI-CL)	415,000	0.4
28	CHEN MEI FONG MARY	386,300	0.3
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR PEK KIAM KEK (MM0606)	380,200	0.3
30	NGO KEE ONG	379,050	0.3

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second 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 Thursday, 28 June 2012 at 10.00 a.m. to transact the following business :

AGENDA

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the Financial Year Ended 31 December 2011 and the Reports of Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM27,000 for the Financial Year Ended 31 December 2011. **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) Tan Siow Hui **Resolution 3**
   (b) Azahar bin Rasul **Resolution 4**

4. To re-appoint Messrs. Chong & Co. as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolution :

5. **Proposed authority to allot shares pursuant to Section 132D of the Companies Act, 1965.** **Resolution 6**

   "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."

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
5 June 2012

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

Notes:-

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply.

2) Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

3) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

4) The instrument appointing a proxy/proxies must be deposited at the Company's Registered Office, situated at No. 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

5) In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

1. Explanatory notes on Ordinary Business :-

Ordinary Resolution 1

Audited Financial Statement for the financial year ended 31 December 2011

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 Second AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the First AGM of the Company held on 27 June 2011 (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 Second Annual General Meeting ("AGM")

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

Date : Thursday, 28 June 2012

Time : 10.00 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 Second AGM

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

(a) Tan Siow Hui
(b) Azahar bin Rasul

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 Page 9 to 11 of this Annual Report.

3. Board Meetings held in the financial year ended 31 December 2011

Five (5) Board Meetings were held during the financial year ended 31 December 2011. A record of the Directors' attendances at the Board Meetings is presented in the "Statement of Corporate Governance" appearing on pages 9 to 13 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 the 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 19 June 2012, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

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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 Second 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 Thursday, 28 June 2012 at 10.00 a.m. and at any adjournment thereof.

	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the Financial Year Ended 31 December 2011 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees amounting to RM27,000 for the Financial Year Ended 31 December 2011.		
3.	To re-elect the Director, Mr Tan Siow Hui, who retires in accordance with Article 86 of the Company's Articles of Association.		
4.	To re-elect the Director, En. Azahar bin Rasul, who retires in accordance with Article 86 of the Company's Articles of Association.		
5.	To re-appoint Messrs. Chong & Co. as auditors of the Company and to authorize the Directors to fix their remuneration.		
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 ______________ 2012

No. of Shares held ____________________

____

Signature(s) of Member(s)

____

Affix Company's Seal (if applicable)

Notes:-

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply.

2) Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

3) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

4) The instrument appointing a proxy/proxies must be deposited at the Company's Registered Office, situated at No. 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

5) In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

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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

EA Holdings Berhad (878041-A)
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