

ACE-bound EA expects to raise RM10m

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KUALA LUMPUR: EA Holdings Bhd (EAH) is expecting to raise RM10 million from its ACE market listing through a public issue of 40 million new shares at 25 sen per share.

Out of the proceeds, 35% will be for its working capital (RM3.5 million), 30% for business expansion (RM3 million), 20% for enhancing R&D capabilities (RM2 million), while listing expenses take up the remaining 15% (RM1.5 million).

EAH is a group of companies offering infrastructure and systems integration, software and radio frequency identification (RFID) solutions.

Based on the group's enlarged paid-up share capital upon listing of 155 million shares, the proforma consolidated net earnings per share (EPS) is 2.35 sen. Based on the IPO price of 25 sen per share, this will translate to a proforma net price/earnings multiple of 10.6 times.

Of the 40 million new shares to be issued at 25 sen per share, two million shares are for the public, seven million shares for its directors and employees, while 31 million shares will be placed out to identified investors. An offer for sale of 18 million existing shares will also be made to identified investors.

EAH chairman and group CEO Mohammad Sobri Saad said it planned to enhance its in-house RFID and banking solutions. This will balance out its main revenue contribution from infrastructure and system integration and consultancy, which are project based and non-recurring in nature.

"Our immediate focus is to extend our RFID-based product lines to cover major key applications of the RFID technology, namely in supply chain



(From left) EA Holdings COO Lim Jim Shyang, ED Basir Bachik, Sobri, ED Tan Siow Hui and OSK Investment Bank head of corporate finance Joseph Soo at the launch of EA's prospectus in Kuala Lumpur yesterday. Photo by Chu Juck Seng

management, asset tracking (real-time locating system), security and access control and inventory warehouse," he said at the launch of EAH's prospectus here yesterday.

Sobri said the group had clinched projects from government-linked companies and large corporations since its inception in 2006. It has secured six projects valued at RM6.04 million from its current bids.

EAH comprises three wholly owned subsidiaries: infrastructure and system integration and software solutions under EASS Sdn Bhd, RFID and related solutions under EA MSC Sdn Bhd, and banking solutions under CSS MSC Sdn Bhd. EAH's revenue for the financial year ended Dec 31, 2009 was RM13.89 million, up 67.6% from RM8.29 in 2008 while net profit rose 87.2% to RM3.64 million.

The group's revenue segments are divided into infrastructure and system integration and consultancy (67.7%), software solutions (17.1%)

as well as RFID and access control system (15.2%).

Due to the group's heavy dependence on the domestic market, Sobri said it planned to expand its RFID segment by setting up a regional office in China.

EAH is allocating half of its business expansion allocation of RM3 million to its overseas expansion. EA MSC which handles the RFID segment has penetrated Singapore and Indonesia through its resellers.

"When we first started EA MSC, our RFID technology was still in its infancy. After receiving the MSC status in 2008, we received a RM1.2 million grant to develop the real time location system (RTLS) and other RFID solutions.

"Two patents and one trademark have been filed as a result of this," said Sobri. He added that the RTLS and enhanced RFID solutions would be ready for rollout by the second half of this year.