

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AND QUARTERLY REPORT FOR THE PERIOD ENDED
30 JUNE 2014

| | Current Year As at 30.06.14 (Unaudited) RM'000 | Preceding Year As at 30.06.13 (Audited) RM'000 |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 63,878 | 75,820 |
| Intangible Assets | 98 | 193 |
| | <u>63,976</u> | <u>76,013</u> |
| Current Assets | | |
| Inventories | 6,784 | 10,368 |
| Trade Receivables | 15,445 | 19,222 |
| Other Receivables, Deposits and Prepayments | 8,681 | 960 |
| Tax Recoverable | 183 | 422 |
| Fixed Deposit with Licensed Banks | 650 | 5,219 |
| Cash and Bank Balances | 2,000 | 2,192 |
| | <u>33,743</u> | <u>38,383</u> |
| TOTAL ASSETS | <u>97,719</u> | <u>114,396</u> |
| EQUITY AND LIABILITIES | | |
| Share Capital | 36,000 | 60,000 |
| Exchange Translation Reserve | - | (4,920) |
| Revaluation Reserve | 6,297 | 4,393 |
| Share Premium | 3,600 | - |
| Capital Reserve | 4,837 | - |
| Retained Profits/(Accumulated Losses) | (37,158) | (36,770) |
| Total Equity | <u>13,576</u> | <u>22,703</u> |
| Non-Current Liabilities | | |
| Borrowings | 53,089 | 58,720 |
| Deferred Tax Liabilities | 1,326 | 1,203 |
| | <u>54,415</u> | <u>59,923</u> |
| Current Liabilities | | |
| Trade Payables | 9,170 | 9,602 |
| Other Payables and Accruals | 5,229 | 4,655 |
| Amount Owing to Directors | 54 | 2,029 |
| Borrowings | 15,223 | 15,225 |
| Provision for Taxation | 52 | 259 |
| | <u>29,728</u> | <u>31,770</u> |
| Total Liabilities | <u>84,143</u> | <u>91,693</u> |
| TOTAL EQUITY AND LIABILITIES | <u>97,719</u> | <u>114,396</u> |
| Net Assets Per Ordinary Share Attributable to Ordinary Equity Shareholders (RM) | 0.06 | 0.19 |

Notes:-

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND
QUARTERLY REPORT ON CONSOLIDATED PERIOD ENDED
30 JUNE 2014

| | Current Year Quarter | Individual Quarter Preceding Year Corresponding Quarter | Current Year To Date | Cumulative Quarter Preceding Year Corresponding Period |
|--------------------------------------|--|--|--|---|
| | 30.06.14 (Unaudited) RM'000 | 30.06.2013 (Unaudited) RM'000 | 30.06.14 (Unaudited) RM'000 | 30.06.2013 (Unaudited) RM'000 |
| Revenue | 18,453 | 21,804 | 90,335 | 97,235 |
| Cost of Sales | (25,021) | (20,048) | (93,628) | (82,139) |
| Gross Profit | (6,568) | 1,756 | (3,293) | 15,096 |
| Other Income | 396 | 1,804 | 964 | 2,819 |
| Administrative Expenses | (13,051) | (281) | (22,784) | (5,286) |
| Selling and Distribution Expenses | (1,646) | (1,713) | (6,587) | (6,896) |
| Operating Profit/(Loss) | (20,869) | 1,566 | (31,700) | 5,733 |
| Finance Costs | (1,450) | (1,782) | (5,529) | (5,498) |
| Profit/(Loss) Before Taxation | (22,319) | (216) | (37,229) | 235 |
| Taxation | 90 | - | 71 | (10) |
| Profit/(Loss) After Taxation | (22,229) | (216) | (37,158) | 225 |
| Earnings Per Share | | | | |
| - Basic (sen) | (9.26) | (0.18) | (15.48) | 0.19 |
| - Diluted (sen) | - | - | - | - |

Notes:-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND QUARTERLY REPORT ON
CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2014

| | Share Capital | Exchange Translation Reserve | Share Premium | Non-Distributable Capital Reserve | Revaluation Reserve | Distributable Accumulated Losses | Total Equity |
|--------------------------------------|------------------|------------------------------------|------------------|---|------------------------|--|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Audited</u> | | | | | | | |
| Balance as at 1 July 2012 | 60,000 | (4,655) | - | - | 4,393 | (37,458) | 22,280 |
| Foreign Currency Translation | - | (265) | - | - | - | - | (265) |
| Revaluation of land and building | - | - | - | - | - | - | - |
| Profit for the Year | - | - | - | - | - | 688 | 688 |
| Balance as at 30 June 2013 | 60,000 | (4,920) | - | - | 4,393 | (36,770) | 22,703 |
| <u>Unaudited</u> | | | | | | | |
| Balance as at 1 July 2013 | 60,000 | (4,920) | - | - | 4,393 | (36,770) | 22,703 |
| Realized Foreign Currency | - | 4,920 | - | - | - | - | 4,920 |
| Capital Reduction | (42,000) | - | - | 5,230 | - | 36,770 | - |
| Share issued by right issue exercise | 18,000 | - | 3,600 | - | - | - | 21,600 |
| Right Issue expense incurred | - | - | - | (393) | - | - | (393) |
| Revaluation of PPE | - | - | - | - | 1,904 | - | 1,904 |
| Loss for the Year | - | - | - | - | - | (37,158) | (37,158) |
| Balance as at 30 June 2014 | 36,000 | - | 3,600 | 4,837 | 6,297 | (37,158) | 13,576 |

Note:-

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AND QUARTERLY
REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
30 JUNE 2014

| | Current Year to Date (12 months) 30.06.2014 (Unaudited) RM'000 | Preceding Year Corresponding Period (12 months) 30.06.2013 (Audited) RM'000 |
|---|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Operations | 94,111 | 93,727 |
| Payment to Suppliers and Employees | (110,492) | (97,822) |
| Income Tax Refund | 170 | 74 |
| Interest Paid | (14) | (3) |
| Net Cash used in Operating Activities | (16,225) | (4,024) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Disposal of Property, Plant and Equipment | 50 | 28 |
| Purchase of Property, Plant and Equipment | (2,736) | (269) |
| Withdrawal of Fixed Deposit | - | 100 |
| Cash loss on disposal | (80) | - |
| Net Cash (used in)/from Investing Activities | (2,766) | (141) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Banker Acceptance | - | - |
| Islamic Acceptance Bills | 3,000 | - |
| Proceeds from Hire Purchase Payables | 365 | 525 |
| Repayment of Hire Purchase Payables | (139) | (725) |
| Proceeds from Loan | 4,779 | 8,080 |
| Repayment of Term Loan | (7,491) | - |
| Proceeds from Right Issue | 21,207 | - |
| Advance from Directors | - | 2,048 |
| Repayment to Directors | (1,975) | - |
| Interest Paid | (5,516) | (5,494) |
| Net Cash from/(used in) Financing Activities | 14,230 | 4,434 |
| Net increase/(decrease) in Cash and Cash Equivalents | (4,761) | 269 |
| Effects of Foreign Exchange Rates Changes | - | 42 |
| Cash and Cash Equivalents at Beginning | 7,411 | 7,100 |
| Cash and Cash Equivalents at End | 2,650 | 7,411 |
| Represented by:- | | |
| Fixed Deposits with Licensed Banks | 650 | 5,219 |
| Cash and Bank Balances | 2,000 | 2,192 |
| | 2,650 | 7,411 |

Notes:-

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 JUNE 2014

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

A1) Basis of Preparation

The interim financial statements for the current quarter are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements are the Group’s first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied. The date of transition to the MFRS framework is 1 January 2012. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial statements, are consistent with those of the audited financial statements for the financial year ended (“FRS”) 30 June 2013.

The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

Paragraph 20 of MFRS 134 requires the comparative statements to be presented from the comparable interim period (current and period-to-date) of immediate preceding financial year. Save for statement of financial position and, the comparatives disclosed in these condensed financial statements are for the 3-month period from 1 July 2012 to September 2012, not from the beginning of the preceding financial period of 1 January 2012, as the Group changed its financial year in 2011 from 31 December 2011 to 30 June 2012.

A2) Changes in Accounting Policies

The accounting policies adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements as at and for the 12 month year ended 30 June 2013 except for the adoption of newly-issued accounting framework – MFRS IC Interpretations to be applied by all Entities other than Private Entities for the financial period beginning on 1 January 2012 :-

| | |
|----------|---|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payment |
| MFRS 3 | Business Combination |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 8 | Operating Segments |
| MFRS 9 | Financial Instruments |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 12 | Disclosure of Interest in Other Entities |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 102 | Inventories |
| MFRS 107 | Statement of Cash Flows |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 110 | Events After the Reporting Period |

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 JUNE 2014

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

A2) Changes in Accounting Policies (continued)

| | |
|----------|--|
| MFRS 112 | Income Taxes |
| MFRS 116 | Property, Plant and Equipment |
| MFRS 118 | Revenue |
| MFRS 119 | Employee Benefits |
| MFRS 121 | The Effects of Changes in Foreign Exchange Rates |
| MFRS 124 | Related Party Disclosures |
| NFRS 127 | Consolidated and Separate Financial Statements |
| MFRS 132 | Financial Instruments: Presentation |
| MFRS 133 | Earnings Per Share |
| MFRS 134 | Interim Financial Reporting |
| MFRS 136 | Impairment of Assets |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets |
| MFRS 139 | Financial Instruments: Recognition and Measurement |

The adoption of the above new MFRSs does not have significant financial impact on the interim financial statements of the Group.

A3) Seasonal or Cyclical Factors

The Group’s performance is not significantly affected by any seasonal or cyclical factors.

A4) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

A5) Material Changes in Estimates

There was no material changes in estimates of amount reported in prior interim period or financial period that have a material effect in the current quarter and financial year-to-date.

A6) Debt and Equity Securities

There were no issuances, repurchases, and repayments of long term debt and equity issued during the current quarter and financial year-to-date.

EKA NOODLES BERHAD (Company No.583565-U)
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NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
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PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL
REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

A7) Dividend Paid

There was no dividend paid in the current quarter and financial year-to-date.

A8) Segmental Information

The Group is principally engaged in the manufacturing and marketing of all types of rice, sago sticks (vermicelli) and other related products. Business segmental information has therefore not been prepared as the Group’s revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are mainly confined to one business segment.

The segmental information is therefore presented in respect of the Group’s geographical segments. The Group operates in two principal geographical areas namely West Malaysia and East Malaysia. The segmental information for the past twelve months ended 30 June 2014 was as follows:

| | Revenue | Total Assets | Capital Expenditures |
|---------------|----------------|---------------------|-----------------------------|
| | RM’000 | RM’000 | RM’000 |
| West Malaysia | 84,537 | 73,874 | 2,716 |
| East Malaysia | 5,798 | 23,845 | 20 |
| | <u>90,335</u> | <u>97,719</u> | <u>2,736</u> |

A9) Valuation of Property, Plant and Equipment (PPE)

The Group had carried out the valuation on its property, plant and equipment from the previous audited annual financial statements. The property, plant and equipment of the Group are stated at cost less accumulated depreciation and any accumulated impairment losses.

A10) Events Subsequent to the Balance Sheet Date

There were no other material events subsequent to the reporting period that have not been reflected in the interim financial statements as at the date of this report except disclosed in B7.

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 JUNE 2014

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

A11) Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

A12) Changes in Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of the interim financial statements.

A13) Capital Commitments

There was no capital commitment in the current quarter under review.

EKA NOODLES BERHAD (Company No.583565-U)
(FORMERLY KNOWN AS KBB RESOURCES BERHAD)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 30 JUNE 2014

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

B1) Review of Group Performance

| | Apr – June 2014 | Jan – Mar 2014 | Apr –Jun 2013 | Jul'13 – Jun'14 |
|---------------------------------|----------------------------|---------------------------|--------------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| - West Malaysia | 16,898 | 22,020 | 20,274 | 84,537 |
| - East Malaysia | 1,555 | 1,334 | 1,530 | 5,798 |
| Total | <u>18,453</u> | <u>23,354</u> | <u>21,804</u> | <u>90,335</u> |
| Profit/(Loss) before tax | | | | |
| - West Malaysia | (20,567) | (8,088) | 2,550 | (29,209) |
| - East Malaysia | (1,752) | (3,875) | (2,766) | (8,021) |
| Total | <u>(22,319)</u> | <u>(11,963)</u> | <u>(216)</u> | <u>(37,230)</u> |

Comparison with corresponding period in the previous year

The Group's revenue for the current quarter under review was RM18.45 million and loss before tax was RM22.3 million.

The revenue was lower by RM3.35 million or represented 15.4% lower than preceding year corresponding quarter under review. The Group has suffered loss before tax of approximately RM22.3 million in the current quarter as compared with the loss before tax of RM0.21 million in corresponding quarter under review.

For West Malaysia, its revenue for the current quarter decreased by RM3.37 million or represented 16.65% as compared to corresponding quarter in previous year. This was mainly due to decrease in sales volume of bihun and laksa of some of our brands. The customers were then still not fully confident of some of our brands as a result of quality problem in July 2013. In line with the decrease in revenue, West Malaysia recorded loss before taxation compared to the corresponding quarter in previous year in profit before tax. This was mainly due to the higher production cost incurred such as price increase of raw material mainly broken rice and sago starch, high increase in tariff for electricity and implementation of minimum wages of RM900.00. The loss were also attributed by provision for doubtful debts of RM3.4 million, loss on disposal of subsidiaries of RM4.1 million, written off of amount due by subsidiaries of RM3.0 million and impairment loss of property, plant and equipment.

For East Malaysia, its revenue for the current quarter showed a minor increase as compared to the corresponding quarter in previous year. However, East Malaysia suffered loss before tax of RM1.7 million as compared to corresponding quarter in previous year with the loss of RM2.76 million. The improvement in production efficiency has attributed to the decrease in loss.

EKA NOODLES BERHAD (Company No.583565-U)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 30 JUNE 2014

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

B1) Review of Group Performance (continued)

Comparison with preceding quarter

The Group's revenue for the quarter under review was lower by RM4.9 million or represented 21% when compared with the preceding quarter.

The Group recorded loss before tax for the current quarter was RM22.3 million as compared to loss before tax about RM11.9 million in the immediate preceding quarter under review.

For West Malaysia, its revenue for the current quarter decreased by RM5.1 million or represented 23.3% lower as compared with the preceding quarter under review. Recently, there are new bihun and laksa manufacturers in the market and some of our customers have moved over to their brands because of our quality issue earlier.

The revenue of East Malaysia has increased by RM0.2 million or 15% as compared to the preceding quarter. This was mainly due to increase in sales of laksa.

West Malaysia suffered loss before taxation of approximately RM20.5 million for the quarter as compared to the preceding quarter of RM8.1 million under review. This was mainly due to higher production cost such as increase in tariff for electricity, implementation of minimum wages of RM900.00 as well as increase in price of major materials such as broken rice and sago starch. The loss were also attributed by provision for doubtful debts of RM3.4 million, loss on disposal of subsidiaries of RM4.1 million, written off of amount due by subsidiaries of RM3.0 million and impairment loss of property, plant and equipment.

East Malaysia suffered loss before taxation of approximately RM1.7 million for the quarter as compared with the preceding quarter loss of RM3.8 million under review. There was a provision of doubtful of RM2.8 million in the preceding quarter.

EKA NOODLES BERHAD (Company No.583565-U)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
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PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B2) Current Year Prospects

Barring any unforeseen circumstances, the Group still continue its effort at cost cutting measures, improving in operation efficiency and productivity, improving in inventory control and credit control as well as focus on product development and quality improvement in the rice and sago sticks (vermicelli) operation in order to remain competitive in the local and overseas market.

We are also currently reorganizing our sales team with the objective to capture more of the local market and will also explore the international market.

B3) Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast or profit guarantee during the current quarter under review.

B4) Taxation

| | Current Year Quarter 30.06.14 RM'000 | Current Year-to- Date 30.06.14 RM'000 |
|--------------|---|--|
| Income Tax | 39 | 58 |
| Deferred Tax | (129) | (129) |
| | <u>(90)</u> | <u>(71)</u> |

B5) Unquoted Investments and Properties

There were no sales and purchases of unquoted investments and properties for the current quarter.

B6) Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter.

EKA NOODLES BERHAD (Company No.583565-U)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
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PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7) Corporate Proposals

- a) On 29 January 2014, M&A Securities Sdn Bhd had, on behalf of Directors of KBB, announced that the Rights Issue has been completed with the listing of and quotation for 120,000,000 Rights Shares and 120,000,000 Warrants on Main Market of Bursa Securities.

The proceeds of RM21,600,000 were utilized in the following manner:-

| Purpose | Proposed Utilisation | Actual Utilisation | Timeframe of Utilisation | Balance of Utilisation |
|-----------------------------------|----------------------|--------------------|--------------------------|------------------------|
| | RM'000 | RM'000 | | RM'000 |
| Working Capital | 16,200 | 16,207 | Within months | - |
| Capital Expenditure | 5,000 | 2,402 | Within months | 2,598 |
| Expenses relating to the Proposal | 400 | 393 | Within 3 months | 7 |
| Total | 21,600 | 19,002 | | 2,605 |

For the expenses relating to the proposal, in the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilized as working capital for the Group.

On 24 April 2014, M&A Securities Sdn Bhd had, on behalf of the Board of Directors of EKA, M&A Securities Sdn Bhd announced that the Company proposed to undertake the following:

- (i) proposed private placement of up to 72,000,000 new ordinary shares of RM0.15 each in EKA ("EKA Shares" or "Shares") to independent third party investor(s) to be identified ("Proposed Private Placement");
- (ii) proposed increase in the authorised share capital of the Company from RM60,000,000 comprising 400,000,000 EKA Shares to RM90,000,000 comprising 600,000,000 EKA Shares ("Proposed IASC"); and
- (iii) proposed amendments to the Memorandum and Articles of Association of the Company for the Proposed IASC ("Proposed Amendments").

The above exercise is pending Bursa's approval.

EKA NOODLES BERHAD (Company No.583565-U)
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NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 JUNE 2014

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

B8) Borrowings and Debts Securities

The Groups' borrowings as at 30 June 2014 are as follows:-

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--------------------------------|---------------------------|-----------------------------|-------------------------|
| Short Term Borrowings:- | | | |
| Hire Purchase Payables | - | 62 | 62 |
| Short Term Loan | 9,516 | - | 9,516 |
| Term Loans | 5,345 | 300 | 5,645 |
| | <u>14,861</u> | <u>362</u> | <u>15,223</u> |
| Long Term Borrowings:- | | | |
| Hire Purchase Payables | - | 491 | 491 |
| Term Loans | 48,484 | 4,114 | 52,598 |
| | <u>48,484</u> | <u>4,605</u> | <u>53,089</u> |
| Total | <u><u>63,345</u></u> | <u><u>4,967</u></u> | <u><u>68,313</u></u> |

B9) Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of the interim financial statements.

B10) Material Litigation

a) Tenaga Nasional Berhad vs Rasayang Food Industries Sdn Bhd

We are still in the process to set aside the above case.

EKA NOODLES BERHAD (Company No.583565-U)
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PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B11) Earnings per Share

The basic earnings per share of the Group are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period calculated as follows:-

| | Current Months Period Ended | Individual Quarter Preceding Year Corresponding Quarter | Current Year to Date | Cumulative Period Preceding Year Corresponding Period |
|---|--|--|-------------------------------------|--|
| | 30.06.2014 RM'000 | 30.06.2013 RM'000 | 30.06.2014 RM'000 | 30.06.2013 RM'000 |
| Profit/(Loss) for the Period (RM'000) | (22,229) | (216) | (37,158) | 225 |
| Weighted Average Number of Ordinary Shares of RM0.50/RM0.15 each ('000) | 240,000 | 240,000 | 240,000 | 120,000 |
| Earnings Per Share | | | | |
| - Basic (sen) | (9.26) | (0.18) | (15.48) | 0.19 |
| - Diluted (sen) | - | - | - | - |

Diluted earnings per share have not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

Notes:-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

B12) Realized and Unrealized Loss

| | 30.06.2014 RM'000 | 30.06.2013 RM'000 |
|---|------------------------------|------------------------------|
| Total retained earnings of the Company and its subsidiaries :- | | |
| - Realized | (47,569) | (90,703) |
| - Unrealized | (1,326) | (1,678) |
| | (48,895) | (92,381) |
| Consolidation adjustments | 11,737 | 55,148 |
| Total accumulated Profit/(losses) of the Group as per consolidated accounts | (37,158) | (37,233) |

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B13) Profit / (Loss) for the period / year

| | Current Year Quarter | Individual Quarter Preceding Year Corresponding Quarter | Current Year to Date (²) | Cumulative Quarter Preceding Year Corresponding Period |
|---|--|--|--|---|
| | 30.06.2014 (Unaudited) RM'000 | 30.06.2013 (Unaudited) RM'000 | 30.06.2014 (Unaudited) RM'000 | 30.06.2013 (Unaudited) RM'000 |
| Profit / (Loss) for the period / year is arrive at after charging / (crediting) :- | | | | |
| Interest expense | 1,450 | 1,782 | 5,529 | 5,498 |
| Depreciation and amortization | 2,059 | 2,044 | 7,493 | 8,488 |
| Foreign exchange loss | - | - | 15 | - |
| (Gain)/Loss on disposal of property, plant & equipment | - | 18 | 15 | 41 |
| Provision for doubtful debts | 3,391 | - | 8,705 | - |
| Bad debts written off | 22 | - | 22 | - |
| Written off of amount due from subsidiaries | 3,050 | - | 3,050 | - |
| Impairment loss on Property, plant & equipment | 337 | - | 337 | - |
| Rental Income | (321) | (161) | (722) | (720) |
| Loss on disposal of Subsidiaries | 4,184 | - | 4,184 | - |

Notes:-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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B14) Audit Report Qualifications

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2013 did not contain any qualification.

B15) Authorization for Issue

The interim financial report was authorized for release by the Board of Directors in accordance with a resolution of the Board.