

**EKA NOODLES BERHAD (Company No.583565-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AND QUARTERLY REPORT FOR THE PERIOD ENDED**  
**31 MARCH 2018**

	<b>Current Year As at 31.03.18 (Unaudited) RM'000</b>	<b>Preceding Year As at 31.12.17 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<b>Property, Plant and Equipment</b>	50,347	50,656
	<b>50,347</b>	<b>50,656</b>
<b>Current Assets</b>		
Inventories	2,251	1,701
Trade Receivables	2,001	1,511
Other Receivables, Deposits and Prepayments	1,766	1,356
Cash and Bank Balances	460	414
	6,478	4,982
<b>TOTAL ASSETS</b>	<b>56,825</b>	<b>55,638</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	46,800	46,800
Share Premium	3,600	3,600
Capital Reserve	4,837	4,837
Warrant Reserve	6,000	6,000
Others Reserve	(6,000)	(6,000)
Revaluation Reserve	9,204	9,204
Accumulated Losses	(91,908)	(91,213)
<b>Total Equity</b>	<b>(27,467)</b>	<b>(26,772)</b>
<b>Non Current Liabilities</b>		
Hire Purchase Payables	526	302
	526	302
<b>Current Liabilities</b>		
Trade Payables	9,441	8,836
Other Payables and Accruals	3,532	3,390
Borrowings	70,347	69,554
Hire Purchase Payables	86	72
Provision for Taxation	360	256
	83,766	82,108
<b>Total Liabilities</b>	<b>84,292</b>	<b>82,410</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>56,825</b>	<b>55,638</b>
<b>Net Assets Per Ordinary Share Attributable to Ordinary Shareholders (RM)</b>	<b>(0.09)</b>	<b>(0.09)</b>

Notes:-

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME AND QUARTERLY REPORT ON CONSOLIDATED PERIOD**  
**ENDED 31 MARCH 2018**

	<b>Current Year Quarter</b>	<b>Individual Quarter Preceding Year Corresponding Quarter</b>	<b>Changes (Amount/ %)</b>	<b>Current Year To Date</b>	<b>Cumulative Quarter Preceding Year Corresponding Period</b>	<b>Change s (Amount/ t/%)</b>
	<b>(3 Months) 31.03.18 (Unaudited) RM'000</b>	<b>(3 Months) 31.03.17 (Unaudited) RM'000</b>		<b>(3 Months) 31.03.18 (Unaudited) RM'000</b>	<b>(3 Months) 31.03.17 (Unaudited) RM'000</b>	
Revenue	6,268	55	11296%	6,268	55	11296%
Cost of Sales	(5,019)	(1,292)	288%	(5,019)	(1,292)	288%
<b>Gross Profit / (Loss)</b>	<b>1,249</b>	<b>(1,237)</b>	<b>201%</b>	<b>1,249</b>	<b>(1,237)</b>	<b>201%</b>
Other Income	100	89	12%	100	89	12%
Administrative Expenses	(823)	(4,065)	-80%	(823)	(4,065)	-80%
Selling and Distribution Expenses	(423)	(103)	311%	(423)	(103)	311%
<b>Operating Profit/(Loss)</b>	<b>103</b>	<b>(5,316)</b>	<b>102%</b>	<b>103</b>	<b>(5,316)</b>	<b>102%</b>
Finance Costs	(798)	(14)	5600%	(798)	(14)	5600%
<b>Profit/(Loss) Before Taxation</b>	<b>(695)</b>	<b>(5,330)</b>	<b>87%</b>	<b>(695)</b>	<b>(5,330)</b>	<b>87%</b>
Taxation	-	-		-	-	
<b>Profit/(Loss) After Taxation</b>	<b>(695)</b>	<b>(5,330)</b>	<b>87%</b>	<b>(695)</b>	<b>(5,330)</b>	<b>87%</b>
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent</b>	<b>(695)</b>	<b>(5,330)</b>	<b>87%</b>	<b>(695)</b>	<b>(5,330)</b>	<b>87%</b>
Earnings Per Share						
-Basic (sen)	(0.22)	(1.71)		(0.22)	(1.71)	
-Diluted (sen)	-	-		-	-	

Note:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND QUARTERLY REPORT ON**  
**CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2018**

	Share Capital RM'000	Share Premium RM'000	-----Non-Distributable-----				Distributable Accumulated Losses RM'000	Total Equity RM'000
			Capital Reserve RM'000	Revaluation Reserve RM'000	Warrant Reserve^ RM'000	Others Reserve RM'000		
<b><u>Audited</u></b>								
Balance as at 1 January 2017	46,800	3,600	4,837	9,204	6,000	(6,000)	(86,048)	(21,607)
Loss for the year	-	-	-	-	-	-	(5,165)	(5,165)
Balance as at 31 December 2017	46,800	3,600	4,837	9,204	6,000	(6,000)	(91,213)	(26,772)
<b><u>Unaudited</u></b>								
Balance as at 1 January 2018	46,800	3,600	4,837	9,204	6,000	(6,000)	(91,213)	(26,772)
Loss for the period	-	-	-	-	-	-	(695)	(695)
Balance as at 31 March 2018	46,800	3,600	4,837	9,204	6,000	(6,000)	(91,908)	(27,467)

Note:

^ This comprised the fair value of 5-years Warrants 2014/2019.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AND QUARTERLY**  
**REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED**  
**31 MARCH 2018**

	<b>Current Year to Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>(3 months) 31.03.18</b>	<b>(3 months) 31.03.17</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Operations	5,779	55
Payment to Suppliers	(4,818)	(329)
Payment to Employees	(963)	(203)
Income Tax (Paid)/Recoverable	104	-
<b>Net Cash (used in)/from Operating Activities</b>	<b>102</b>	<b>(477)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposal of Property, Plant and Equipment	-	101
Purchase of Property, Plant and Equipment	(19)	-
<b>Net Cash from/(used in) Investing Activities</b>	<b>(19)</b>	<b>101</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Hire Purchase Payables	(30)	(75)
Advance from/(Repayment to) the Director	(2)	11
Interest Paid	(5)	(7)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(37)</b>	<b>(71)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>46</b>	<b>(447)</b>
<b>Cash and Cash Equivalents at Beginning</b>	<b>414</b>	<b>511</b>
<b>Cash and Cash Equivalents at End</b>	<b>460</b>	<b>64</b>
<b>Represented by:-</b>		
Fixed Deposits with Licensed Banks	-	-
Cash and Bank Balances	460	64
	<b>460</b>	<b>64</b>

Notes:-

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER**  
**ENDED 31 MARCH 2018**

**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”).

This interim financial statement should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

**A2) Significant Accounting Policies**

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2017. The standards and interpretations that are issued but not yet effective up to date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective dates for financial periods <u>beginning</u> <u>on or after</u>
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
•	Amendments to MFRS 1	1 January 2018
•	Amendments to MFRS 128	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018 & 1 January 2020
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019

**EKA NOODLES BERHAD (Company No.583565-U)**  
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**ENDED 31 MARCH 2018**

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

**A2) Significant Accounting Policies (Cont’d)**

		Effective dates for financial periods <u>beginning on or</u> <u>after</u>
Amendment to MFRS 3	Business Combination	1 January 2020
Amendment to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendment to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Company except as mentioned below:

- MFRS 9, Financial Instruments (effective 1 January 2018) will replace MFRS 139, Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading).

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER**  
**ENDED 31 MARCH 2018**

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

**A2) Significant Accounting Policies (Cont’d)**

A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit losses model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company are currently still in process of assessing the impact of the new standards upon initial application of these standards.

- MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The directors expect that the adoption of the above standards will have no material impact on the financial statements for the current quarter.

**A3) Seasonal or Cyclical Factors**

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



**EKA NOODLES BERHAD (Company No.583565-U)**  
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**ENDED 31 MARCH 2018**

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

**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.

**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.

**A8) Segmental Information (Cont’d)**

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 three months ended 31 March 2018 was as follows:

	<b>Revenue</b>	<b>Total Assets</b>	<b>Capital Expenditures</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
West Malaysia	5,398	45,534	-
East Malaysia	870	11,291	300
	<b>6,268</b>	<b>56,825</b>	<b>300</b>

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

The Group had not 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.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER**  
**ENDED 31 MARCH 2018**

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

**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.

**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.

**A14) Warrants**

Warrants are reclassified as equity instrument and it allocated its value based on the closing price of the first trading day, if the warrant is listed, or estimated using option pricing models, if the warrant is not listed.

Each warrant entitles the warrant holder during the Exercise period to subscribe for one new ordinary share.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 MARCH 2018**

**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**

	Jan- Mar'18 RM'000	Oct- Dec'17 RM'000	Changes (Amount/ %)	Jan- Mar'17 RM'000	Current Year to Date Jan- Mar'18 RM'000	Cumulative Quarter Preceding Year Correspon- ding Period Jan- Mar'17 RM'000	Changes (Amount/ %)
<b>Revenue</b>							
- West Malaysia	5,398	4,731	14.10%	55	5,398	55	9714.55%
- East Malaysia	870	791	9.99%	-	870	-	100%
<b>Total</b>	<b>6,268</b>	<b>5,522</b>	<b>13.51%</b>	<b>55</b>	<b>6,268</b>	<b>55</b>	<b>11296.36%</b>
<b>Profit/(Loss) before tax</b>							
- West Malaysia	(501)	(900)	44.33%	(5,200)	(501)	(5,200)	90.37%
- East Malaysia	(194)	(238)	18.49%	(130)	(194)	(130)	-49.23%
<b>Total</b>	<b>(695)</b>	<b>(1,138)</b>	<b>38.93%</b>	<b>(5,330)</b>	<b>(695)</b>	<b>(5,330)</b>	<b>86.96%</b>

	Current Year Quarter Jan- Mar'18 RM'000	Immediate Preceding Quarter Oct- Dec'17 RM'000	Changes (Amount/ %)	Current Year to Date Jan- Mar'18 RM'000	Cumulative Quarter Preceding Year Correspon- ding Period Jan- Mar'17 RM'000	Changes (Amount/ %)
Revenue	6,268	5,522	13.51%	6,268	55	11296.36%
Gross Profit/(Loss)	1,249	295	323.39%	1,249	(1,237)	200.97%
Operating Profit/(Loss)	103	(367)	128.07%	103	(5,316)	101.94%
Profit/(Loss) Before Interest and Tax	103	(367)	128.07%	103	(5,316)	101.94%
Profit/(loss) Before Tax	(695)	(1,138)	38.93%	(695)	(5,330)	86.96%

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 MARCH 2018**

**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)**

	<b>Current Year Quarter Jan- Mar'18 RM'000</b>	<b>Immediate Preceding Quarter Oct- Dec'17 RM'000</b>	<b>Changes (Amount/ %)</b>	<b>Current Year to Date Jan- Mar'18 RM'000</b>	<b>Cumulative Quarter Preceding Year Correspondi ng Period Jan- Mar'17 RM'000</b>	<b>Changes (Amount/ %)</b>
Profit/(Loss) After Tax	(695)	(1,297)	46.41%	(695)	(5,330)	86.96%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(695)	(1,297)	46.41%	(695)	(5,330)	86.96%

***Comparison with corresponding period in the previous year***

The Group's revenue for the current period under review was RM6.27 million and loss before tax was RM0.70 million.

The revenue was increased by 11296.36% or RM6.21 million higher than preceding year corresponding period under review. The Group had generated a gross profit of RM1.25 million or 200.97% higher than gross loss of RM1.24 million in the preceding year corresponding period under review. The loss before tax had also reduce to RM0.70 million, 86.96% lower than RM5.33 million loss before tax in the preceding year corresponding period under review. The improvement was mainly due to resumes operations of subsidiaries since the 2<sup>nd</sup> quarter of the year 2017 after announced ceased operation in January 2017.

For West Malaysia, its revenue increased by RM5.34 million to RM5.40 million or represented 9714.55% higher as compared to RM0.06 million in the preceding year corresponding period under review. The revenue of RM5.40 million solely derived from two subsidiaries in West Malaysia which had resumed operations in the current period under review.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 MARCH 2018**

**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)**

For East Malaysia, the revenue increased by RM0.87 million or represented 100% increase as compared with the preceding year corresponding period under review. The increase was mainly due to the Group had resumed its operations in East Malaysia for the current period under review. East Malaysia did not generated revenue due to the ceases of operations for subsidiaries in West Malaysia for the preceding year corresponding period under review.

West Malaysia had suffered a lower loss before tax of RM0.50 million for current period under review as compared to loss before tax of RM5.20 million in the preceding year corresponding period under review. The improvement was mainly due to resume of operation of subsidiaries during the quarter under review. Furthermore, the loss before tax of RM5.20 million in preceding year corresponding period under review was mainly due to impairment of plant and machinery about RM3.70 million.

East Malaysia also suffered a loss of RM0.20 million as compared to loss before tax of RM0.13 million in preceding year corresponding period under review. The increase in loss before tax of RM0.06 million due to increase in finance cost.

Overalls, loss before tax for both West Malaysia and East Malaysia had reduced in average 86.96% as compared to preceding year corresponding period under review as the Group manages to derive gross profit of RM1.25 million and operating profit of RM0.10 million after resumes its operations.

*Comparison with preceding quarter*

The Group's revenue for the quarter under review was RM6.27 million as compared to RM5.52 million in the immediate preceding quarter under review, increased by RM0.75 million or 13.51%.

For West Malaysia, total revenue increases by 14.10% or RM0.67 million to RM5.40 million as compared to RM 4.73 million in the preceding quarter. During the quarter, The Group had engage new sales representative to re-explore the market in south Perak in which had successfully re-active a lot of ex-customers and also recruit more new customers in South Perak. Number of customers in Perak area was increased by 152.50% as compared to preceding quarter. Besides, the demands from customers also increase in line with the Chinese New Year celebration in February 2018.

For East Malaysia, revenue also increased by RM0.08 million or 9.99% to RM0.87 million as compared to RM0.79 million in the preceding quarter due to recruit a new customer and higher demand among the customers.

There is a loss before tax of RM0.70 million in current year quarter compared to loss before tax of RM1.14 million in preceding quarter, reduces by RM 0.44 million or 38.93%.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 MARCH 2018**

**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)**

For West Malaysia, loss before tax in current year quarter is RM0.50 million, 44.33% or RM0.40 million lower than loss before tax of RM0.90 million in preceding quarter.

East Malaysia also suffered a business losses for both quarters under review, the loss before tax in the current quarter was reduced to RM0.20 million as compared to RM0.24 million in the preceding quarter, reduced by RM0.04 million or 18.49%.

The reducing in loss before tax for Group mainly due to increase in revenue and efficiency of the Group in reducing cost of sales. Besides, the Group did not incurred any provision for director's fee and audit fee during this quarter as compared to provision for director's fee of RM0.22 million and provision for audit fee of RM0.12 million in the immediate preceding quarter.

**B2) Current Year Prospects**

The Group was currently still under process of corporate restructuring.

**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**

	<b>Current Year Quarter 31.03.18 RM'000</b>	<b>Current Year -to-Date 31.03.18 RM'000</b>	<b>Cumulative Period Preceding Year Corresponding Period 31.03.17 RM'000</b>
Income Tax	-	-	-
Deferred Tax	-	-	-
	-	-	-

**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)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 MARCH 2018**

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

**B7) Corporate Proposals**

On 27 February 2018, the Group entered into a conditional Share Purchase Agreement (“SPA”) with Loo Seng Pang, Tai Poh Yak, Ang Eng Hooi, Phnuah Farn Farn, Ang Jin Mao and Dato’ Seri Mr Serm Juthamongkhon (collectively, the “Vendors”) to acquire the entire issued share capital in Kepala Batas Bihun Sdn Bhd (“KBB”) comprising 5,500,002 ordinary shares in KBB for a purchase consideration of RM55,000,000 to be satisfied in part by cash payment of RM33.0 million and RM22.0 million via the issuance of 440,000,000 EKA Shares (“Consideration Shares”) to the Vendors and/or their nominees at an issue price of RM0.05 per ordinary share in EKA (“Proposed Acquisition”).

The Proposed Acquisition is a component of a series of proposals set out in the SPA, to regularise the financial condition of EKA (i.e. the “Proposed Regularisation Plan”), with the intention of restoring EKA onto a stronger financial footing.

The conditional period for the satisfaction of the conditions period is 8 months from the date of agreement (27 February 2018) i.e. the conditional period will end on 26 October 2018. Once the conditions precedent have been satisfied within the conditional period (can be any time by 26 October 2018; the date the last of the conditions precedent is satisfied is known as the “Unconditional Date”), the completion date will be 7 Business Days from the said Unconditional Date.

**B8) Borrowings and Debts Securities**

The Groups’ borrowings as at current quarter ended 31 March 2018 are as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>Borrowings:-</b>			
Hire Purchase Payables	-	612	612
Revolving Credit	2,594	-	2,594
Term Loans	67,753	-	67,753
<b>Total</b>	<u>70,347</u>	<u>612</u>	<u>70,959</u>

The Groups’ borrowings as at cumulative quarter preceding year corresponding period ended 31 March 2017 are as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>Borrowings:-</b>			
Hire Purchase Payables	-	460	460
Revolving Credit	2,524	-	2,524
Term Loans	56,138	-	56,138
	<u>58,662</u>	<u>460</u>	<u>59,122</u>

The revolving credit and term loan bore a weighted average of 8.35% (2017:8.35%) per annum at the end of the reporting period and are secured by:-

- (i) Legal charges over the property, plant and equipment belonging to the Group;
- (ii) A debenture by way of fixed and floating charge over all present and future assets belonging to the Group;
- (iii) Personal guaranteed by a former director of the Company.

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**B9) Trade Receivables**

The trade receivables consists of trade receivable from resumes operation subsidiaries. The Group's normal trade credit term range from 30 to 120 days.

**B10) Share Capital**

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. Section 618(2) of the Act states that upon the commencement of Section 74, the share premium account and capital redemption reserve shall become part of share capital. Pursuant to Section 618(3) of the Act, the Group may exercise its right to use the credit amount within 24 months after the commencement of the Act, i.e. by 31 January 2019. The Board of Directors will make a decision before the expiry of the 24 months.

**B11) Off Balance Sheet Financial Instruments**

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

**B12) Material Litigation**

No.	Company	The Creditors	Material Litigations	Remarks
1.	Kilang Bihun Bersatu Sdn Bhd ("KBBSB")	1. SEV Partnership Enterprise ("SEV") vs KBBSB - Penang High Court summon no. PA-22NCVC-66-04/2016	SEV claims sum owed by KBBSB of RM1,625,475.10 corns and sago starch supplied to KBBSB. Penang High Court had on 30 August 2017 instructed KBBSB to pay SEV sum of RM1,625,475.10 with annual interest rate of 4% of RM21,376.11 together with legal expenses of RM5,000.00.	Civil Appeal No. P-02(IM)(NCVC)-1990-10/2017 had been submitted to Court of Appeal, Putrajaya. On 4 January 2018, KBBSB had been served with a Notice Pursuant to Section 465 and 466 of the Companies Act 2016 for the claims. The Court of Appeal fixed the hearing of appeal on 4 June 2018



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**B12) Material Litigation (Continued)**

No.	Company	The Creditors	Material Litigations	Remarks
1.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”)	2. Bukit Raya Sdn Bhd vs KBBSB - Penang High Court Petition and Affidavit Petition No. PA-28-NCC-104-07/2017	Bukit Raya Sdn Bhd claims sum owed by KBBSB to-date is RM917,577.40 and had filed a proof of debt showing the same and acknowledged by KBBSB in Statement of Account.	The case management fixed on 25 May 2018.
		3. Great Line Success Sdn Bhd vs KBBSB - Penang High Court Petition and Affidavit Petition No. PA-28-NCC-105-07/2017	Great Line Success Sdn Bhd claims sum owed by KBBSB to-date is RM349,801.99 and had filed a proof of debt showing the same and acknowledged by KBBSB in Statement of Account.	The case management is now fixed on 26 February 2018 and further extends to 26 April 2018.
		4. Hap Seng Credit Sdn Bhd vs KBBSB, Chin Seak Huat and Eka Noodles Berhad - Magistrates Court of Kuala Lumpur suit no. i. WA-A72NCC-14860-03/2017 ii. WA-A72NCC-14856-03/2017 iii. WA-A72NCC-14968-03/2017	Hap Seng Credit Sdn Bhd claims against KBBSB: i. sum owed by KBBSB of RM86,154.70 for the motor vehicles hired under the Hire Agreement; ii. Legal cost awarded RM4,000.00.	Suit No. WA-A72NCC-14868-03-/2017 (Account No. 10003/32/002795/87) had been withdrawn by the Court on 13 October 2017. The Magistrate Court allowed summary judgement against KBB on 23 November 2017. No further date is given.

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**B12) Material Litigation (Continued)**

No.	Company	The Creditors	Material Litigations	Remarks
1.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”)	5. Shell Malaysia Trading Sdn Bhd vs KBBSB - Magistrates Court of Georgetown Writ of Summon and Statement of Claims No. PA-A72NCVC-398-11/2017	Shell Malaysia Trading Sdn Bhd claims against KBBSB: i. sum owed by KBBSB of RM45,374.83 in purchasing fuels; ii. the interest rate of 1% per annum on the outstanding sum of respective invoices which is calculated from the date of the last payment of the invoices up to the date of the Writ; iii. the interest rate of 5% per annum on the outstanding sum of RM45,374.83 from the date of Writ up to the date of dull settlement; iv. cost, and; v. Other reliefs or orders as the Court deems fit and proper to grant.	The case management is now fixed on 28 June 2018.

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**B12) Material Litigation (Continued)**

No.	Company	The Creditors	Material Litigations	Remarks
1.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”)	6. Chep (Malaysia) Sdn Bhd vs KBBSB - Magistrates Court of Georgetown Writ of Summon and Statement of Claims No. WA-A72NCVC-5793-10/2017	Chep (Malaysia) Sdn Bhd claims against KBBSB: i. sum owed by KBBSB of RM60,103.12 for the pallets hired under the Hire Agreement; ii. interest at the rate of 12% per annum from 30.8.2014 to 30.10.2017 in the sum of RM3,318.09; iii. interest at the rate of 5% per annum on the outstanding amount from the date of judgement to the date of full and final settlement; iv. costs; and v. such further and/or other relief that the Honourable Court deems fit and proper to grant.	The case management is now fixed on 17 May 2018 and the trials on 13 and 14 June 2018
2.	Kilang Bihun Bersatu (East Malaysia) Sdn Bhd (“KBBEM”)	1. Dinxings (M) Sdn Bhd vs KBBEM - Magistrate Court of Penang Writ of Summon and Statement of Claims No. PA-A72-127-10/2017	Dinxings (M) Sdn Bhd claims against KBBEM: 1. the sum of RM76,500.00 as at 05 July 2015; 2. interest of 8% per annum on RM76,500.00 from 05 July 2015 until the date of judgement; 3. interest of 8% per annum on RM76,500.00 from date of judgement until final and full payment; 4. costs; and 5. further and other reliefs as the Court deems fit and proper to grant.	The case management is now fixed on 30 May 2018.

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**B12) Material Litigation (Continued)**

No.	Company	The Creditors	Material Litigations	Remarks
3.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”) and Eka Noodle Berhad (“ENB”)	1. Bank Pertanian Malaysia Berhad vs KBBSB & ENB - Penang High Court Writ of Summon and Statement of Claims No. PA-22M-12-09/2017	Bank Pertanian Malaysia Berhad claims against KBBSB and ENB:  i. the sum RM7,060,475.63 (RM3,183,860.21 + RM1,336,666.01 + RM2,539,949.41)  ii. ta’widh upon the sum RM2,098,510.14 and RM1,006,269.85 based on rate of 1% per annum from 9 January 2017.  iii. ta’widh upon the sum RM2,517,608.68 based on the “Interbank Islamic Money Market” rate per annum.	The court had delivered its judgement on 24 April 2018 in favour of Bank Pertanian Malaysia Berhad on the following claims against KBBSB and ENB:  1. the judgement sum of RM3,183,860.21, RM1,336,666.01 and RM2,539,949.41;  2. ta’widh of 1% per annum from 9 January 2017 on RM2,098,510.14 and RM1,006,269.85 up to the date of full of full and final settlement or maturity of BBA facility or judgement date (whichever is earlier);  3. ta’widh at the rate of “Interbank Islamic Money Market” per annum from judgement date on RM3,183,860.21 and RM1,336,505.56 up to the date of full and final settlement;

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**B12) Material Litigation (Continued)**

No.	Company	The Creditors	Material Litigations	Remarks
3.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”) and Eka Noodle Berhad (“ENB”)	2. Bank Pertanian Malaysia Berhad vs KBBSB & ENB - Penang High Court Writ of Summon and Statement of Claims No. PA-22M-12-09/2017		4. ta’widh at the rate of “Interbank Islamic Money Market” per annum from judgement date on RM3,183,860.21 and RM1,336,505.56 up to the date of full and final settlement; 5. Ta’widh at the rate of Interbank Islamic Money Market per annum from 9 January 2017 on RM2,517,608.68 up to the date of full and final settlement; and 6. Cost of RM6,000.

The High Court of Malaya in Penang has granted the Restraining Order no. PA-24NCC-2-01/2018 dated 22 January 2018 to the Company and the EKA Group to convene Creditors’ Meeting and Members’ Meeting pursuant to Section 366 of the Companies Act 2016 within 90 days from 22 January 2018 between 9 am and 5 pm.

All further proceedings or actions against the Company and/or the EKA Group by any party including the scheme creditors but not limited to any winding-up proceeding or taking of any action or proceeding, and so on, or in any way under any form of guarantee or indemnity granted to or conferred by the Company and/or the EKA Group, any enforcement, detention, or any other form of execution of any judgement or order against the Company and/or the EKA Group, any execution of the rights or remedies or powers of appointment of any receiver and manager over the Company or any of the EKA Group (including but not limited to the taking of any actions or proceedings or continuing with the exercise or rights or remedies under any Debenture, the sale of any asset that is the subject of any security interest created by the Company and/or the EKA Group, repossession of any plant, equipment or machinery under lease or hire purchase and any arbitration proceedings be restrained for a period of 90 days effective from 22 January 2018.

However, on 10 April 2018, the Court had allowed Tan Hooi Ming & Tan Hooi Kang, both trading under the name and style of SEV Partnership Enterprise’s application to set aside the Order dated 22 January 2018. The Group had no appeal on the Court decision.

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**B12) Material Litigation (Continued)**

Meanwhile, the Group is applying for Restraining Order and leave to call meeting. The civil case filed by Metro Supplies Marketing Sdn Bhd against Rasayang Food Industries Sdn Bhd had been fixed for hearing on 28 May 2018.

**B13) Realized and Unrealized Loss**

	<b>31.03.18</b>	<b>31.03.17</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries :-		
- Realized	(149,807)	(149,295)
- Unrealized	-	-
	<u>(149,807)</u>	<u>(149,295)</u>
Consolidation adjustments	57,899	57,917
Total accumulated Profit/(losses) of the Group as per consolidated accounts	<u>(91,908)</u>	<u>(91,378)</u>

**B14) 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:-

	<b>Current Months Period Ended</b>	<b>Individual Quarter Preceding Year Corresponding Quarter</b>	<b>Current Year to Date</b>	<b>Cumulative Period Preceding Year Corresponding Period</b>
	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.18</b>	<b>31.03.17</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) for the Period (RM'000)	(695)	(5,330)	(695)	(5,330)
Weighted Average Number of Ordinary Shares of RM0.15 each ('000)	312,000	312,000	312,000	312,000
Earnings Per Share				
- Basic (sen)	(0.22)	(1.71)	(0.22)	(1.71)
- Diluted (sen)	-	-	-	-

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**B14) Earnings per Share (Cont'd)**

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

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**B15) Profit / (Loss) for the period / year**

	<b>Current Year Quarter 31.03.18 (3 Months) (Unaudited) RM'000</b>	<b>Individual Quarter Preceding Year Corresponding Quarter 31.03.17 (3 Months) (Unaudited) RM'000</b>	<b>Current Year to Date 31.03.18 (3 Months) (Unaudited) RM'000</b>	<b>Cumulative Quarter Preceding Year Corresponding Period 31.03.17 (3 Months) (Unaudited) RM'000</b>
<b>Profit /(Loss) for the period/ year is arrive at after charging/(crediting) :</b>				
Interest expense	798	14	798	14
Depreciation and amortization	610	1,180	610	1,180
Impairment of Property, plant and equipment	-	3,698	-	3,698
Loss on written off PPE	-	22	-	22
Other Income:-				
Rental Income	60	-	60	-
Insurance recovery	26	-	26	-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**B16) Practice Note 17 (“PN17”) Status**

On 30 August 2016, the Company announced that it had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (a) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and was hence an affected issuer under PN17.

The PN17 criteria was triggered as a result of the Company’s shareholders’ equity on a consolidated basis is 25% or less of the issued and paid-up capital of the Company and such shareholders’ equity is less than RM40.0 million in the Company’s unaudited interim financial results for the 2nd quarter ended 30 June 2016.

The Company is required to take necessary steps to comply with the following obligations:

- (i) within twelve (12) months from the date of this announcement that the Company is an affected issuer under PN17 on 30 August 2016, to submit a Regularisation Plan to the Securities Commission of Malaysia and Bursa Securities;
- (ii) Implement the Regularisation Plan within the time frame stipulated by the SC and/or Bursa Securities, as the case may be;
- (iii) Announce within three (3) months from the First Announcement, whether the Regularisation Plan will result in a significant change in the business direction or policy of the Company;
- (iv) Announce the status of the Regularisation Plan and the number of months to the end of the relevant time frames referred to in Paragraphs 5.1 and 5.2 of PN17, as may be applicable, on a monthly basis until further notice from Bursa Securities;
- (v) announce its compliance or non-compliance with any particular obligation imposed pursuant to PN17, on an immediate basis;
- (vi) announce the details of the Regularisation Plan (“Requisite Announcement”) and sufficient information to demonstrate that the Company is able to comply with all the requirements set out in Paragraph 5.0 of PN17 after implementation of the Regularisation Plan, which shall include a timetable for the complete implementation of the Regularisation Plan. The Requisite Announcement must be made by the Company’s appointed Principal Adviser; and
- (vii) where the Company fails to regularise its condition, it will announce the dates of suspension and de-listing of its listed securities, immediately upon notification of suspension and de-listing by Bursa Securities.



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**B16) Practice Note 17 (“PN17”) Status (Cont’d)**

On 27 February 2018, the Company has entered into a conditional share purchase agreement (“SPA”) with Loo Seng Pang, Tai Poh Yak, Ang Eng Hooi, Phnuah Farn Farn, Ang Jin Mao and Dato’ Seri Mr Serm Juthamongkhon (collectively, the “Vendors”) to acquire the entire issued share capital in Kepala Batas Bihun Sdn Bhd (“KBB”) comprising 5,500,002 ordinary shares in KBB for a purchase consideration of RM55,000,000 to be satisfied in part by cash payment of RM33.0 million and RM22.0 million via the issuance of 440,000,000 Company’s Shares (“Consideration Shares”) to the Vendors and/or their nominees at an issue price of RM0.05 per ordinary share in the Company (“Proposed Acquisition”).

The Proposed Acquisition is a component of a series of proposals set out in the SPA, to regularise the financial condition of the Company (i.e. the “Proposed Regularisation Plan”), with the intention of restoring the Company onto a stronger financial footing.

Pursuant thereto, the Proposed Regularisation Plan shall comprise the following:-

- a) Proposed Capital Reconstruction;
- b) Proposed Debt Restructuring Scheme;
- c) Proposed Rights Issue with Warrants; and
- d) Proposed Acquisition.

On 14 March 2018, Bursa Securities granted the Company an extension of time of up to 31 May 2018 for the submission of the proposed Regularisation Plan to Bursa Securities.

**B17) Authorization for Issue**

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

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