

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

	<b>Current Year As at 31.12.18 (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>	48,652	50,656
	<b>48,652</b>	<b>50,656</b>
<b>Current Assets</b>		
Inventories	2,516	1,701
Trade Receivables	2,694	1,511
Other Receivables, Deposits and Prepayments	3,053	1,356
Cash and Bank Balances	526	414
	8,789	4,982
<b>TOTAL ASSETS</b>	<b>57,441</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	(95,108)	(91,213)
<b>Total Equity</b>	<b>(30,667)</b>	<b>(26,772)</b>
<b>Non Current Liabilities</b>		
Hire Purchase Payables	394	302
	<b>394</b>	<b>302</b>
<b>Current Liabilities</b>		
Trade Payables	9,043	8,836
Other Payables and Accruals	5,383	3,390
Borrowings	72,604	69,554
Hire Purchase Payables	167	72
Provision for Taxation	517	256
	87,714	82,108
<b>Total Liabilities</b>	<b>88,108</b>	<b>82,410</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57,441</b>	<b>55,638</b>
<b>Net Assets Per Ordinary Share Attributable to Owner of the Company (RM)</b>	<b>(0.10)</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 DECEMBER 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>Changes (Amount/ %)</b>
	<b>(3 Months) 31.12.18 (Unaudited) RM'000</b>	<b>(3 Months) 31.12.17 (Unaudited) RM'000</b>		<b>(12 Months) 31.12.18 (Unaudited) RM'000</b>	<b>(12 Months) 31.12.17 (Audited) RM'000</b>	
Revenue	5,729	5,522	3.75	25,256	13,154	92.00
Cost of Sales	(4,693)	(5,227)	-10.22	(19,971)	(14,030)	42.34
<b>Gross Profit / (Loss)</b>	<b>1,036</b>	<b>295</b>	<b>251.19</b>	<b>5,285</b>	<b>(876)</b>	<b>703.31</b>
Other Income	121	18	572.22	417	6,227	-93.30
Administrative Expenses	(1,648)	(645)	155.50	(4,232)	(6,648)	-36.34
Selling and Distribution Expenses	(565)	(35)	1,514.29	(2,075)	-	100.00
<b>Operating Loss</b>	<b>(1,056)</b>	<b>(367)</b>	<b>-187.74</b>	<b>(605)</b>	<b>(1,297)</b>	<b>53.35</b>
Finance Costs	(742)	(771)	-3.76	(3,097)	(3,710)	-16.52
<b>Loss Before Taxation</b>	<b>(1,798)</b>	<b>(1,138)</b>	<b>-58.00</b>	<b>(3,702)</b>	<b>(5,007)</b>	<b>26.06</b>
Taxation	92	(159)	-157.86	(193)	(158)	21.38
<b>Loss and Other Comprehensive Loss for the Financial Year</b>	<b>(1,706)</b>	<b>(1,297)</b>	<b>-31.53</b>	<b>(3,895)</b>	<b>(5,165)</b>	<b>24.59</b>
<b>Loss and Other Comprehensive Loss Attributable to Owner of the Company</b>	<b>(1,706)</b>	<b>(1,297)</b>	<b>-31.53</b>	<b>(3,895)</b>	<b>(5,165)</b>	<b>24.59</b>

**EKA NOODLES BERHAD (Company No.583565-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND**  
**QUARTERLY REPORT ON CONSOLIDATED PERIOD ENDED 31 DECEMBER 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>Changes (Amount/ %)</b>
	<b>(3 Months) 31.12.18 (Unaudited) RM'000</b>	<b>(3 Months) 31.12.17 (Unaudited) RM'000</b>		<b>(12 Months) 31.12.18 (Unaudited) RM'000</b>	<b>(12 Months) 31.12.17 (Audited) RM'000</b>	
<b>Loss and Other Comprehensive Loss for the Financial Year</b>	<b>(1,706)</b>	<b>(1,297)</b>	<b>-31.53</b>	<b>(3,895)</b>	<b>(5,165)</b>	<b>24.59</b>
<hr/>						
<b>Earnings Per Share</b>						
-Basic (sen)	(0.55)	(0.42)		(1.25)	(1.66)	
-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 DECEMBER 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 / Other comprehensive 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 year / Other comprehensive loss for the year	-	-	-	-	-	-	(3,895)	(3,895)
Balance as at 31 December 2018	46,800	3,600	4,837	9,204	6,000	(6,000)	(95,108)	(30,667)

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 DECEMBER 2018**

	<b>Current Year to Date  (12 months) 31.12.18 (Unaudited) RM'000</b>	<b>Preceding Year Corresponding Period  (12 months) 31.12.17 (Audited) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Operations	24,347	11,661
Payment to Suppliers	(19,917)	(6,903)
Payment to Employees	(4,192)	(2,835)
Income Tax Recovered	62	105
<b>Net Cash from Operating Activities</b>	<b>300</b>	<b>2,028</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposal of Property, Plant and Equipment	104	1,074
Purchase of Property, Plant and Equipment	(84)	(87)
<b>Net Cash from Investing Activities</b>	<b>20</b>	<b>987</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Term Loans	-	(3,000)
Proceeds from Hire Purchases Payables	72	-
Repayment of Hire Purchase Payables	(154)	(112)
Advance from/(Repayment to) the Director	(79)	-
Hire Purchase Interest Paid	(47)	-
<b>Net Cash used in Financing Activities</b>	<b>(208)</b>	<b>(3,112)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>112</b>	<b>(97)</b>
<b>Cash and Cash Equivalents at Beginning</b>	<b>414</b>	<b>511</b>
<b>Cash and Cash Equivalents at End</b>	<b>526</b>	<b>414</b>
<b>Represented by:-</b>		
Fixed Deposits with Licensed Banks	-	-
Cash and Bank Balances	526	414
	<b>526</b>	<b>414</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 DECEMBER 2018**

**PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 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>
MFRS 16	Leases	1 January 2019
Amendment to MFRS 3	Business Combination (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendment to MFRS 9	Financial Instruments – Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendment to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendment to MFRS 119	Employee Benefits – Plan Amendment, Curtailment or Settlement	1 January 2019
Amendment to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendment to MFRS 128	Investment in Associates and Joint Venture - Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendment to IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
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

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

**PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

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

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Company.

**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.

**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 31 December 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	21,595	45,983	626
East Malaysia	3,661	11,458	2
	<b>25,256</b>	<b>57,441</b>	<b>628</b>

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

**PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**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.

**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.

A Notice to the Holders of Warrants 2014/2019 in relation to the expiry and late date for exercise of Warrants 2014/2019 dated 14 December 2018 was announced and dispatched to the entitled Warrant Holders. All Warrants Holders intended to exercise their Warrants are advised to submit the Exercise Form together with the Exercise Monies to Share Registrar of the Company no later than 5.00pm on the Expiry Date, 22 January 2019. The Warrants which are not exercised on the Expiry Date will be lapse and become null and void and cease to be valid for any purpose.

The Warrants will be removed from the official list of Bursa Securities with effect from 9.00a.m. on Wednesday, 23 January 2019.



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

**PART A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A15) Financial Instruments**

**(i) Classification**

The following table analyses the financial assets and financial liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

	<b>Current Year</b> <b>As at</b> <b>31.12.18</b> <b>(Unaudited)</b> <b>RM’000</b>	<b>Preceding Year</b> <b>As at</b> <b>31.12.2017</b> <b>(Audited)</b> <b>RM’000</b>
<b>Financial Assets</b>		
<u>Loan and receivables financial assets</u>		
Trade receivables	2,694	1,511
Other receivables and deposits	3,053	1,356
Cash and bank balances	526	414
	<u>6,273</u>	<u>3,281</u>
	<b>Current Year</b> <b>As at</b> <b>31.12.18</b> <b>(Unaudited)</b> <b>RM’000</b>	<b>Preceding Year</b> <b>As at</b> <b>31.12.2017</b> <b>(Audited)</b> <b>RM’000</b>
<b>Financial Liabilities</b>		
<u>Other financial liabilities</u>		
Trade payables	9,043	8,836
Other payables and accruals	5,383	3,390
Hire purchase payables	561	374
Bank borrowings	72,604	69,554
	<u>87,591</u>	<u>82,154</u>

**(i) Fair Value Measurements**

The fair value of the financial assets and financial liabilities approximated their carrying amount due to the relatively short-term maturity of the financial instruments (maturing within the next 12 months and/or undefined repayment term). The fair values are included in level 2 of the fair value hierarchy.

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

	Oct- Dec'18 RM'000	Jul- Sep'18 RM'000	Changes (Amount/ %)	Oct- Dec'17 RM'000	Current Year to Date Jan- Dec'18 RM'000	Cumulative Quarter Preceding Year Corresponding Period Jan- Dec'17 RM'000	Changes (Amount/ %)
<b>Revenue</b>							
- West Malaysia	4,749	5,578	-14.86	4,731	21,595	11,270	91.61
- East Malaysia	980	893	9.74	791	3,661	1,884	94.32
<b>Total</b>	<b>5,729</b>	<b>6,471</b>	<b>-11.47</b>	<b>5,522</b>	<b>25,256</b>	<b>13,154</b>	<b>92.00</b>
<b>Loss before tax</b>							
- West Malaysia	(1,593)	(378)	-321.43	(900)	(2,953)	(4,903)	39.77
- East Malaysia	(205)	(175)	-17.14	(238)	(749)	(104)	-620.19
<b>Total</b>	<b>(1,798)</b>	<b>(553)</b>	<b>-225.14</b>	<b>(1,138)</b>	<b>(3,702)</b>	<b>(5,007)</b>	<b>26.06</b>

	Current Year Quarter Oct – Dec'18 RM'000	Immediate Preceding Quarter Jul – Sep'18 RM'000	Changes (Amount/ %)	Current Year to Date Jan- Dec'18 RM'000	Cumulative Quarter Preceding Year Corresponding Period Jan- Dec'17 RM'000	Changes (Amount/ %)
Revenue	5,729	6,471	-11.47	25,256	13,154	92.00
Gross Profit/(Loss)	1,036	1,507	-31.25	5,285	(876)	703.31
Operating Profit/(Loss)	(1,056)	218	-584.40	(605)	(1,297)	53.35
Profit/(Loss) Before Interest and Tax	(1,056)	218	-584.40	(605)	(1,297)	53.35
Loss Before Tax	(1,798)	(553)	-225.14	(3,702)	(5,007)	26.06

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 DECEMBER 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</b>	<b>Immediate Preceding Quarter</b>	<b>Changes (Amount/ %)</b>	<b>Current Year to Date</b>	<b>Cumulative Preceding Year Corresponding Period</b>	<b>Changes (Amount /%)</b>
	<b>Oct-Dec'18</b>	<b>Jul-Sep'18</b>		<b>Jan-Dec'18</b>	<b>Jan-Dec'17</b>	
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Loss After Tax	(1,706)	(672)	-153.87	(3,895)	(5,165)	24.59
Loss and Other Comprehensive Loss Attributable to Owner of the Company	(1,706)	(672)	-153.87	(3,895)	(5,165)	24.59

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

The Group's revenue for the current period under review was RM25.26 million and loss before tax was RM3.70 million.

The revenue was increased to RM25.26 million, increased by 92.00% or RM12.11 million higher than RM13.15 million in preceding year corresponding period under review. The Group had derived a higher revenue in average RM2.10 million per month throughout the current period consists of 12 months revenue derived in year 2018 as compared to average revenue of RM1.64 million per month derived in preceding year corresponding period under review (only 8 month revenue after resumes operation in 2 quarter of year 2017).

The Group had turned its financial position from a gross loss of RM0.88 million in the preceding year corresponding period under review into a gross profit position of RM5.29 million, increased by 703.31% in current period. The improvement in gross profit resulting from the Group had consistently increased its business revenue from its business activities and the revenue derived was excessive to cover its cost of sales. Gross profit margin had increased to 20.93% as compared to -6.66% in the preceding corresponding period under review.

The Group faced an operating loss of RM0.61 million in the current period as compared to operating loss of RM1.30 million in the preceding year corresponding period under review, loss reduced by 53.35%. This resulting from the Group had sufficient gross profit and other income to net of majority of the administrative, selling and distribution expenses.

**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)**

The Group suffered a loss before tax of RM3.70 million, 26.06% lower than RM5.01 million in the preceding year corresponding period under review. This loss before tax of RM3.70 million arose after deducting the finance cost, i.e. term loan interest and finance lease interest of RM3.10 million.

For West Malaysia, its revenue increased by RM10.33 million to RM21.60 million or represented 91.61% higher as compared to RM11.27 million in the preceding year corresponding period under review. For East Malaysia, the revenue increased to RM3.66 million, increased by RM1.77 million or represented 94.32% increase as compared with RM1.89 million in the preceding year corresponding period under review. The Group had consistently increased its revenue after resumes its operation in the 2<sup>nd</sup> quarterly of year 2017.

West Malaysia had suffered a lower loss before tax of RM2.95 million for current period under review as compared to loss before tax of RM4.90 million in the preceding year corresponding period under review, improved by RM1.95 million or 39.77%. In current period, the Group did not incurred significant impairment loss on property, plant and equipment or written off of property, plant and equipment except loss on disposal of property, plant and equipment of RM0.16 million as compared to preceding year corresponding period under review.

East Malaysia also suffered a loss before tax of RM0.75 million as compared to loss before tax of RM0.10 million in preceding year corresponding period under review. The lower loss before tax of RM0.10 million in preceding year corresponding period under review mainly due to increase in other income from the insurance compensation received of RM0.77 million on the damage of factory due to fire.

***Comparison with preceding quarter***

The Group's revenue for the current quarter under review was RM5.73 million and loss before tax was RM1.80 million.

The Group's revenue for the quarter under review was RM5.73 million as compared to RM6.47 million in the immediate preceding quarter under review, decreased by RM0.74 million or 11.47%. Revenue drops by RM 0.74 million due to reduce in demand from customer resulting from reducing selling price from competitor in market. However, revenue had increased by 3.75% as compared to revenue of RM5.52 million in the corresponding quarter in the previous year.

For West Malaysia, total revenue decreased by 14.86% or RM0.83 million to RM4.75 million as compared to RM5.58 million in the preceding quarter. However revenue shows in increment of 0.38% as compared to RM4.73 million in the corresponding quarter in the previous year.

**EKA NOODLES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER**  
**ENDED 31 DECEMBER 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, revenue increased by RM0.09 million or 9.74% to RM0.98 million as compared to RM0.89 million in the immediate preceding quarter. As compared to the corresponding quarter in the previous year, revenue in current quarter increased by 23.89% or RM0.19 million from RM0.79 million to RM0.98 million. The increase arising from increased in demand from Sabah following appointment a new distributor in Sabah.

Gross profit had drop from RM1.51 million in the immediate preceding quarter to RM1.04 million in current quarter, decreased by RM 0.47 million or 31.25% due to increase in direct material cost, direct labor cost and factory overhead, i.e. levy expenses for foreign workers and upkeeps of plant and machinery.

The Group facing an operating loss of RM1.06 million, 584.40% lower than operating profit of RM0.22 million in the immediate preceding quarter under review.

There was loss before tax of RM1.80 million in the current quarter compared to RM0.55 million in the immediate preceding quarter under review, reduced by RM1.25 million or 225.14%. the losses mainly due to increased in operating expenses such as director fee, loss on disposal of motor vehicles, legal and professional fee, foreign worker expenses, upkeeps of motor vehicles, sales commission and other operating expenses.

For West Malaysia, loss before tax in current year quarter is RM1.59 million, 321.43% or RM1.21 million higher than loss before tax of RM0.38 million in preceding quarter. For East Malaysia, there was a loss before tax of RM0.21 million in current year quarter, increased by RM0.03 million as compared to loss before tax of RM0.18 million in 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.

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**B4) Taxation**

	<b>Current Year Quarter 31.12.18 RM'000</b>	<b>Current Year -to-Date 31.12.18 RM'000</b>	<b>Cumulative Period Preceding Year Corresponding Period 31.12.17 RM'000</b>
Income Tax			
- Current Year	(92)	141	16
- Prior Year	-	52	142
Deferred Tax	-	-	-
	<u>(92)</u>	<u>193</u>	<u>158</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.

**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.

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**B7) Corporate Proposals (Cont'd)**

The Group and the Vendors of KBB had on 11 October 2018 entered into a second supplemental agreement (“**Second Supplemental SPA**”) to further vary certain clauses in the SPA in relation to the Proposed Acquisition. Please refer to B15 for details of Proposed Regularisation Plan.

**B8) Borrowings and Debts Securities**

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

	<b>Secured</b> <b>RM’000</b>	<b>Unsecured</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>Short Term Borrowings:-</b>			
Hire Purchase Payables	-	167	167
Revolving Credit	2,594	-	2,594
Term Loans	70,010	-	70,010
<b>Total</b>	<b>72,604</b>	<b>167</b>	<b>72,771</b>
	<b>Secured</b> <b>RM’000</b>	<b>Unsecured</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>Long Term Borrowings:-</b>			
Hire Purchase Payables	-	394	394
Term Loans	-	-	-
<b>Total</b>	<b>-</b>	<b>394</b>	<b>394</b>
<b>Total</b>	<b>72,604</b>	<b>561</b>	<b>73,165</b>

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

	<b>Secured</b> <b>RM’000</b>	<b>Unsecured</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>Short Term Borrowings:-</b>			
Hire Purchase Payables	-	72	72
Revolving Credit	2,594	-	2,594
Term Loans	66,960	-	66,960
<b>Total</b>	<b>69,554</b>	<b>72</b>	<b>69,626</b>
	<b>Secured</b> <b>RM’000</b>	<b>Unsecured</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>Long Term Borrowings:-</b>			
Hire Purchase Payables	-	302	302
Term Loans	-	-	-
<b>Total</b>	<b>-</b>	<b>302</b>	<b>302</b>
<b>Total</b>	<b>69,554</b>	<b>374</b>	<b>69,928</b>

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**B8) Borrowings and Debts Securities (Cont'd)**

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.

**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.



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**B12) Material Litigation**

No.	Company	The Creditors	Material Litigations	Remarks
1.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”)	1. Public Bank Berhad vs KBBSB and Chin Seak Huat - Session Court of Georgetown Writ of Summon and Statement of Claims No. PA-A52NCC-150-12/2018	Public Bank Berhad claims against KBBSB and Chin Seak Huat: i. sum owed by KBBSB of RM232,937.05 under Hire Purchase Agreement dated 10 June 2014; ii. Interest at the rate of 8% per annum from on the outstanding sum of RM230,271.32 calculated on daily basis from 16 October 2018 until the date of full settlement; iii. costs- court fees of RM108.00 and legal fees of RM1,000.00.	KBBSB is required to file a Memorandum of Appearance in the Session Court, Georgetown within 14 days from 16 January 2019, failing which Judgement in Default will be entered against KBBSB.

On 28 May 2018, the High Court of Malaya in Penang has granted an Order pursuant to Section 366 of the Companies Act, 2016 to EKA and all its wholly-owned subsidiaries the liberty to hold meetings with its scheme creditors and members pursuant to Section 366 of the Companies Act, 2016 for the purposes of taking into consideration and, if considered fit, to approve with or without any modification of the proposed scheme within 90 days from 28 May 2018 between 9am and 5pm.

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 28 May 2018 subject to the terms and conditions fixed by the Court pursuant to Section 368 of the Companies Act, 2016.

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**B12) Material Litigation (Cont'd)**

The Order is not expected to have any material impact on the financial and operational matters of the Company and the EKA Group as the Order is to solely facilitate the Company and the EKA Group's scheme of arrangement.

**B13) 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 Quarter 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>31.12.18 RM'000</b>	<b>31.12.17 RM'000</b>	<b>31.12.18 RM'000</b>	<b>31.12.17 RM'000</b>
Loss for the Period (RM'000)	(1,706)	(1,297)	(3,895)	(5,165)
Weighted Average Number of Ordinary Shares of RM0.15 each ( '000)	312,000	312,000	312,000	312,000
Earnings Per Share				
- Basic (sen)	(0.55)	(0.42)	(1.25)	(1.66)
- Diluted (sen)	-	-	-	-

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

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**B14) Profit / (Loss) for the Period / Year**

	<b>Current Year Quarter</b>	<b>Individual Quarter Preceding Year Corresponding Quarter</b>	<b>Current Year to Date</b>	<b>Cumulative Quarter Preceding Year Corresponding Period</b>
	<b>31.12.18 (3 Months) (Unaudited) RM'000</b>	<b>31.12.17 (3 Months) (Unaudited) RM'000</b>	<b>31.12.18 (12 Months) (Unaudited) RM'000</b>	<b>31.12.17 (12 Months) (Audited) RM'000</b>
<b>Profit /(Loss) for the period/ year is arrive at after charging/(crediting) :</b>				
Interest expense	742	771	3,097	3,710
Depreciation and amortization	532	738	2,379	3,128
Loss / (Gain) on disposal of PPE	162	-	162	(498)
Loss on written off PPE	5	-	5	3,718
Other Income:-				
Gain on written of a subsidiary	-	-	-	(2,020)
Rental Income	(60)	(60)	(240)	(80)
Insurance recovery	-	3	-	(773)
Reversal of impairment loss on receivables	(10)	-	(44)	(2,319)

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**B15) 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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**B15) 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.

On 31 May 2018, a further application for extension of time up to 30 June 2018 for the Company to submit its regularization plan to the relevant authorities.

The application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities Berhad on 8 June 2018 for its approval.

Bursa Malaysia Securities Berhad (“Bursa Securities”) had on 27 June 2018 approved the application for an extension of time up to 8 June 2018 to submit the Company’s regularisation plan to the regulatory authorities in view that the Company had submitted its regularisation plan to Bursa Securities on 8 June 2018.

The aforesaid extension of time is without prejudice to Bursa Securities’ rights to proceed to suspend the trading of the securities of EKA and to de-list the Company in the event:

- (i) the Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or
- (ii) the Company fails to implement its regularisation plan within the time frame or extended time frames stipulated by any of the regulatory authorities.

Upon occurrence of any events set out in (i) to (ii) above, Bursa Securities shall suspend the trading of the listed securities of EKA on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company’s right to appeal against the delisting.

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**B15) Practice Note 17 (“PN17”) Status (Cont’d)**

Bursa Securities had, vide its letter dated 31 October 2018, approved the Proposed Regularisation Plan **subject to** the following conditions:-

1. EKA and M&A Securities are to ensure that the certificate of completion and compliance for No. 1239, Jalan Lahar Kepar, 13200 Kepala Batas, Pulau Pinang, comprising 9 parcels of adjacent land are obtained prior to the issuance of all the new EKA Shares pursuant to the Proposed Debt Restructuring Scheme, Proposed Rights Issue with Warrants, Proposed Acquisition and new additional Warrants A to be issued pursuant to the adjustments arising from the Proposed Rights Issue with Warrants (“**Adjustments**”);
2. EKA and M&A Securities are to ensure compliance with Paragraph 8.02 of the Listing Requirements prior to the quotation for all the new EKA Shares to be issued pursuant to the Proposed Debt Restructuring Scheme, Proposed Rights Issue with Warrants, Proposed Acquisition and Adjustments;
3. EKA and M&A Securities are to ensure all proposed directors who have not attended the Mandatory Accreditation Programme pursuant to Paragraph 15.08 and Practice Note 5 of the Listing Requirements to do so prior to the quotation for all new EKA Shares to be issued pursuant to the Proposed Debt Restructuring Scheme, Proposed Rights Issue with Warrants, Proposed Acquisition and Adjustments;
4. EKA and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan;
5. EKA and M&A Securities are to inform Bursa Securities upon completion of the Proposed Regularisation Plan; and
6. EKA and M&A Securities are to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Regularisation Plan is completed.

EKA is required to ensure full compliance of all requirements as provided under the Main Market Listing Requirements at all times.

Bursa Securities had vide its letter dated 9 November 2018, granted EKA an extension of time up to 14 December 2018 to issue the Circular and a further extension of time up to 15 January 2019 to despatch the Circular. On 21 December 2018, the Circular was despatched to the shareholders.

On 14 January 2019, all resolutions put to the Extraordinary General Meeting (“EGM”) were unanimously carried.

Court Convened Meetings (“CCM”)

The Court Convened Meetings (“CCM”) of Scheme Creditors was held on 18 July 2018 and have approved by Scheme Creditors, with modifications, to the proposed scheme of arrangement and compromise between the EKA Group and the Scheme Creditors.

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**B15) Practice Note 17 (“PN17”) Status (Cont’d)**

The modification to the proposed scheme of arrangement and compromise with the Scheme Creditors was pursuant to the salient terms of the settlement arrangement with the Scheme Creditors. The modification is highlighted as follows:-

1. The Secured Creditors shall fully release and discharge EKA, Kilang Bihun Bersatu Sdn. Bhd. and/or its personal guarantors, in full from all obligations and liabilities (including indemnities, undertaking, judgements awarded and/or other obligations, if any) and where applicable, from all actions, proceedings, claims and demands upon completion of the Proposed Debt Restructuring Scheme saved for the personal guarantee by Dato’ Sri Chin Seak Huat to Bank Pertanian Malaysia Berhad.
2. The Unsecured Creditors shall fully discharge and free the Group, previous and existing Board of EKA and EKA Group from all actions, proceedings, claims and demands upon the completion of Proposed Debt Restructuring Scheme saved for the personal guarantee by Dato’ Sri Chin Seak Huat to Bank Pertanian Malaysia Berhad.

Save for the above, there was no other changes to the proposed scheme of arrangement and compromise with the Scheme Creditors.

The High Court of Malaya at Penang had, at the hearing on 28 August 2018, approved the Scheme of Arrangement between the EKA Group and the Scheme Creditors under Section 366 of the Companies Act 2016 which was approved with modifications at the CCM held on 18 July 2018 to implement the Proposed Regularisation Plan (“Court Order”). The Proposed Regularisation Plan will take effect upon lodgment of the Court Order with the Registrar of Companies. The Proposed Regularisation Plan had taken effect on 07 September 2018 pursuant to the lodgment of the Court Order with the Registrar of Companies on 07 September 2018.

**B16) 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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