

EKA NOODLES BERHAD (Company No.583565-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AND QUARTERLY REPORT FOR THE PERIOD ENDED
31 MARCH 2019

	Current Year As at 31.03.19 (Unaudited) RM'000	Preceding Year As at 31.12.18 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	48,303	48,652
	48,303	48,652
Current Assets		
Inventories	2,415	2,516
Trade Receivables	2,917	2,693
Other Receivables, Deposits and Prepayments	3,230	3,053
Current Tax Asset	63	63
Cash and Bank Balances	310	526
	8,935	8,851
TOTAL ASSETS	57,238	57,503
EQUITY AND LIABILITIES		
Share Capital	50,400	46,800
Share Premium	-	3,600
Capital Reserve	4,837	4,837
Warrant Reserve	-	6,000
Others Reserve	-	(6,000)
Revaluation Reserve	9,204	9,204
Accumulated Losses	(95,772)	(95,110)
Total Equity	(31,331)	(30,669)
Non Current Liabilities		
Hire Purchase Payables	575	394
	575	394
Current Liabilities		
Trade Payables	8,795	9,043
Other Payables and Accruals	5,102	5,384
Borrowings	73,284	72,604
Hire Purchase Payables	204	167
Provision for Taxation	609	580
	87,994	87,778
Total Liabilities	88,569	88,172
TOTAL EQUITY AND LIABILITIES	57,238	57,503
Net Assets Per Ordinary Share Attributable to Owner of the Company (RM)	(0.10)	(0.10)

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 2018 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 2019

	Current Year Quarter (3 Months) 31.3.19 (Unaudited) RM'000	Individual Quarter Preceding Year Corresponding Quarter (3 Months) 31.3.18 (Unaudited) RM'000	Changes (Amount/ %)	Current Year To Date (3 Months) 31.3.19 (Unaudited) RM'000	Cumulative Quarter Preceding Year Corresponding Period (3 Months) 31.3.18 (Audited) RM'000	Changes (Amount/ %)
Revenue	5,880	6,268	-6.19	5,880	6,268	-6.19
Cost of Sales	(4,640)	(5,019)	-7.55	(4,640)	(5,019)	-7.55
Gross Profit	1,240	1,249	-0.72	1,240	1,249	-0.72
Other Income	176	100	76.00	176	100	76.00
Administrative Expenses	(839)	(823)	1.94	(839)	(823)	1.94
Selling and Distribution Expenses	(515)	(423)	21.75	(515)	(423)	21.75
Operating Profit	62	103	-39.81	62	103	-39.81
Finance Costs	(695)	(798)	-12.91	(695)	(798)	-12.91
Loss Before Taxation	(633)	(695)	8.92	(633)	(695)	8.92
Taxation	(29)	-	100.00	(29)	-	100.00
Loss After Taxation	(662)	(695)	4.75	(662)	(695)	4.75
Loss and Other Comprehensive Loss for the Financial Year	(662)	(695)	4.75	(662)	(695)	4.75
Loss and Other Comprehensive Loss Attributable to Owner of the Company	(662)	(695)	4.75	(662)	(695)	4.75

EKA NOODLES BERHAD (Company No.583565-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND
QUARTERLY REPORT ON CONSOLIDATED PERIOD ENDED 31 MARCH 2019

	Individual Quarter	Changes (Amount/ %)	Current Year To Date	Cumulative Quarter Preceding Year Corresponding Period	Changes (Amount/ %)	
Current Year Quarter	Preceding Year Corresponding Quarter			Preceding Year Corresponding Period		
(3 Months) 31.3.19 (Unaudited) RM'000	(3 Months) 31.3.18 (Unaudited) RM'000		(3 Months) 31.3.19 (Unaudited) RM'000	(3 Months) 31.3.18 (Audited) RM'000		
Loss and Other Comprehensive Loss for the Financial Year	(662)	(695)	4.75	(662)	(695)	4.75
Earnings Per Share						
-Basic (sen)	(0.21)	(0.22)	(0.21)	(0.22)		
-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 2018 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 2019

	-----Non-Distributable-----						Distributable Accumulated Losses RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Warrant Reserve^ RM'000	Others Reserve RM'000		
<u>Audited</u>								
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	-	-	-	-	-	-	(3,897)	(3,897)
Balance as at 31 December 2018	46,800	3,600	4,837	9,204	6,000	(6,000)	(95,110)	(30,669)
<u>Unaudited</u>								
Balance as at 1 January 2019	46,800	3,600	4,837	9,204	6,000	(6,000)	(95,110)	(30,669)
Reclassification (1)	3,600	(3,600)	-	-	-	-	-	-
Write off (2)	-	-	-	-	(6,000)	6,000	-	-
Loss for the year / Other comprehensive loss for the year	-	-	-	-	-	-	(662)	(662)
Balance as at 31 March 2019	50,400	-	4,837	9,204	-	-	(95,772)	(31,331)

Note:

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

(1) The Share Premium had been credited as part of share capital pursuant to Section 618(2) and Section 618(3) of the Companies Act 2016 (the "Act") upon the expiration of the 24 months period granted by the Act, i.e. 31 January 2019.

(2) The Warrants had expired on 22 January 2019 and had 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)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AND QUARTERLY
REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 MARCH 2019

	Current Year to Date	Preceding Year Corresponding Period
	(3 months)	(3 months)
	31.3.19	31.3.18
	(Unaudited)	(Unaudited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Operations	5,690	5,779
Payment to Suppliers	(4,960)	(4,818)
Payment to Employees	(1,039)	(963)
Income Tax Recovered	-	104
Net Cash (used in) / from Operating Activities	(309)	102
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property, Plant and Equipment	150	-
Purchase of Property, Plant and Equipment	(3)	(19)
Net Cash from / (used in) Investing Activities	147	(19)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Hire Purchase Payables	(39)	(30)
Repayment to the Director	-	(2)
Hire Purchase Interest Paid	(15)	(5)
Net Cash used in Financing Activities	(54)	(37)
Net (decrease) / increase in Cash and Cash Equivalents	(216)	46
Cash and Cash Equivalents at Beginning	526	414
Cash and Cash Equivalents at End	310	460
Represented by:-		
Fixed Deposits with Licensed Banks	-	-
Cash and Bank Balances	310	460
	310	460

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 2018 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 2019

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 2018.

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 2018. 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 on or</u> <u>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

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

A2) Significant Accounting Policies (Cont’d)

		Effective dates for financial periods <u>beginning on or</u> <u>after</u>
Amendments to MFRS 3	Business Combinations – Definition of a Business	1 January 2020
Amendment to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	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.

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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 three months ended 31 March 2019 was as follows:

	Revenue	Total Assets	Capital Expenditures
	RM’000	RM’000	RM’000
West Malaysia	4,911	45,647	259
East Malaysia	969	11,591	-
	5,880	57,238	259

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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 had been removed from the official list of Bursa Securities with effect from 9.00a.m. on Wednesday, 23 January 2019.

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.

	Current Year	Preceding Year
	As at	As at
	31.3.19	31.12.18
	(Unaudited)	(Audited)
	RM’000	RM’000
Financial Assets		
<u>Loan and receivables financial assets</u>		
Trade and other receivables	4,066	3,833
Cash and bank balances	310	526
	<u>4,376</u>	<u>4,359</u>
	Current Year	Preceding Year
	As at	As at
	31.3.19	31.12.18
	(Unaudited)	(Audited)
	RM’000	RM’000
Financial Liabilities		
<u>Other financial liabilities</u>		
Trade and other payables	13,897	14,427
Borrowings	74,063	73,165
	<u>87,960</u>	<u>87,592</u>

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

A15) Financial Instruments (Cont’d)

(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.

A16) Revenue

Following to the adoption of MFRS 15, Revenue from Contracts with Customers effective from 1 January 2018, the Group had disaggregated the business segment’s revenue into sales of rice and sago stick (vermicelli) and transportation services to deliver the rice and sago stick (vermicelli) to customers. The segmental information for the past three months ended 31 March 2019 was as follows:

	Current Year as at 31.3.19			Preceding Year as at 31.12.18		
	(Unaudited)			(Audited)		
	West Malaysia RM’000	East Malaysia RM’000	Total RM’000	West Malaysia RM’000	East Malaysia RM’000	Total RM’000
Revenue						
- Sales of Rice and Sago Stick (Vermicelli)	4,598	929	5,527	20,146	3,499	23,645
- Transportation Services	313	40	353	1,425	183	1,608
Total	4,911	969	5,880	21,571	3,682	25,253

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 MARCH 2019

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'19 RM'000	Oct- Dec'18 RM'000	Changes (Amount/ %)	Jan- Mar'18 RM'000	Current Year to Date Jan- Mar'19 RM'000	Cumulative Quarter Preceding Year Corresponding Period Jan- Mar'18 RM'000	Changes (Amount/ %)
Revenue							
- West Malaysia	4,911	4,749	3.41	5,398	4,911	5,398	-9.02
- East Malaysia	969	980	-1.12	870	969	870	11.38
Total	5,880	5,729	2.64	6,268	5,880	6,268	-6.19
Loss before tax							
- West Malaysia	(400)	(1,593)	74.89	(501)	(400)	(501)	20.16
- East Malaysia	(233)	(205)	-13.66	(194)	(233)	(194)	-20.10
Total	(633)	(1,798)	64.79	(695)	(633)	(695)	8.92

	Current Year Quarter Jan – Mar'19 RM'000	Immediate Preceding Quarter Oct – Dec'18 RM'000	Changes (Amount/ %)	Current Year to Date Jan- Mar'19 RM'000	Cumulative Quarter Preceding Year Corresponding Period Jan- Mar'18 RM'000	Changes (Amount/ %)
Revenue	5,880	5,729	2.64	5,880	6,268	-6.19
Gross Profit	1,240	1,036	19.69	1,240	1,249	-0.72
Operating Profit/(Loss)	62	(1,056)	105.87	62	103	-39.81
Profit/(Loss) Before Interest and Tax	62	(1,056)	105.87	62	103	-39.81
Loss Before Tax	(633)	(1,798)	64.79	(633)	(695)	8.92

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 MARCH 2019

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)

	Current Year Quarter	Immediate Preceding Quarter	Changes (Amount/%)	Current Year to Date	Cumulative Preceding Year Corresponding Period	Changes (Amount /%)
	Jan-Mar'19	Oct-Dec'18		Jan-Mar'19	Jan-Mar'18	
	RM'000	RM'000		RM'000	RM'000	
Loss After Tax	(662)	(1,706)	61.20	(662)	(695)	4.75
Loss and Other Comprehensive Loss Attributable to Owner of the Company	(662)	(1,706)	61.20	(662)	(695)	4.75

Comparison with corresponding period in the previous year

The Group's revenue for the current period under review was RM5.88 million and loss before tax was RM0.63 million.

The revenue was reduced by RM0.39 million, or 6.19% to RM5.88 million as compared to RM6.27 million preceding year corresponding period under review. The reduced in revenue mainly due to reduce in demand from Johor and East Coast Malaysia (Kelantan, Terengganu and Pahang) market.

The Group derived a gross profit of RM1.24 million, RM0.01 million or 0.72% lower than RM1.25 million in the preceding year corresponding period under review. The Group had consistently maintained 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 21.09% as compared to 19.93% in the preceding corresponding period under review.

The Group only derived an operating profit of RM0.06 million as compared to RM0.10 million operating profit in the preceding year corresponding period under review, reduced by RM0.04 million or 39.81%. These resulting from the increase in selling and distribution expenses such as sales and logistic manpower's salary, subsidy and sales commission, diesel consumption and upkeep cost for logistic vehicles.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 MARCH 2019

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 RM0.63 million, 8.92% lower than RM0.70 million in the preceding year corresponding period under review. This loss before tax of RM0.63 million arose after deducting the finance cost, i.e. term loan interest and finance lease interest of RM0.70 million.

For West Malaysia, its revenue reduced by RM0.49 million to RM4.91 million or represented 9.02% lower as compared to RM5.40 million in the preceding year corresponding period under review. For East Malaysia, the revenue increased to RM0.97 million, increased by RM0.10 million or represented 11.38% increase as compared with RM0.87 million in the preceding year corresponding period under review. The increase in revenue in East Malaysia mainly due to increase in demand in Sabah's market.

West Malaysia had suffered a lower loss before tax of RM0.40 million for current period under review as compared to loss before tax of RM0.50 million in the preceding year corresponding period under review, improved by RM0.10 million or 20.16%. East Malaysia also suffered a loss before tax of RM0.23 million as compared to loss before tax of RM0.19 million in preceding year corresponding period under review. There were no significant changes in loss before tax for West and East Malaysia for both periods under review.

Comparison with preceding quarter

The Group's revenue for the current quarter under review was RM5.88 million and loss before tax was RM0.63 million.

The Group's revenue for the quarter under review was RM5.88 million as compared to RM5.73 million in the immediate preceding quarter under review, increased by RM0.15 million or 2.64%. The increased in revenue of RM0.15 million due increased in market demand.

For West Malaysia, total revenue increased by 3.41% or RM0.16 million to RM4.91 million as compared to RM4.75 million in the preceding quarter. West Malaysia had maintained its revenue in average of RM1.60 million per month in the current and preceding quarter.

For East Malaysia, revenue reduced by RM0.01 million or 1.12% to RM0.97 million as compared to RM0.98 million in the immediate preceding quarter. There were no significant changes in revenue for East Malaysia for this two quarter under review.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 MARCH 2019

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)

Gross profit had increased from RM1.04 million in the immediate preceding quarter to RM1.24 million in current quarter, increased by RM0.20 million or 19.69% due to reduce in foreign worker expenses, i.e. levy and insurance expenses for foreign workers.

The Group gains an operating profit of RM0.62 million, 105.87% higher than operating loss of RM1.06 million in the immediate preceding quarter under review.

There was loss before tax of RM0.63 million in the current quarter compared to RM1.80 million in the immediate preceding quarter under review, reduced by RM1.17 million or 64.79%. The higher loss before tax in preceding quarter mainly due to additional one-off operating expenses such as director fee, audit fee, loss on disposal of motor vehicles, fixed assets written off, and increased in legal and professional fee and other operating expenses.

For West Malaysia, loss before tax in current year quarter was RM0.40 million, 74.89% or RM1.19 million lower than loss before tax of RM1.59 million in preceding quarter. For East Malaysia, there was a loss before tax of RM0.23 million in current year quarter, increased by RM0.02 million or 13.66% as compared to loss before tax of RM0.21 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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 MARCH 2019

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

B4) Taxation

	Current Year Quarter 31.3.19 RM'000	Current Year -to-Date 31.3.19 RM'000	Cumulative Period Preceding Year Corresponding Period 31.3.18 RM'000
Income Tax			
- Current Year	29	29	-
- Prior Year	-	-	-
Deferred Tax	-	-	-
	29	29	-

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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 March 2019 are as follows:-

	Secured	Unsecured	Total
	RM’000	RM’000	RM’000
Short Term Borrowings:-			
Hire Purchase Payables	-	204	204
Revolving Credit	2,594	-	2,594
Term Loans	70,690	-	70,690
Total	73,284	204	73,488
	Secured	Unsecured	Total
	RM’000	RM’000	RM’000
Long Term Borrowings:-			
Hire Purchase Payables	-	575	575
Term Loans	-	-	-
Total	-	575	575
Total	73,284	779	74,063

The Groups’ borrowings as at cumulative quarter preceding year corresponding period ended 31 March 2018 are as follows:-

	Secured	Unsecured	Total
	RM’000	RM’000	RM’000
Short Term Borrowings:-			
Hire Purchase Payables	-	86	86
Revolving Credit	2,594	-	2,594
Term Loans	67,753	-	67,753
Total	70,347	86	70,433
	Secured	Unsecured	Total
	RM’000	RM’000	RM’000
Long Term Borrowings:-			
Hire Purchase Payables	-	526	526
Term Loans	-	-	-
Total	-	526	526
Total	70,347	612	70,959

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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 (Cont'd)

The revolving credit and term loan bore a weighted average of 8.35% (2018:8.35%) 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 consist 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 share premium had credited as part of share capital on 31 January 2019 following the expiration of 24 months period granted by the Act.

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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.	The Plaintiff had withdrawn the suit with liberty to file afresh on 1 March 2019.

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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:-

	Current Quarter Period Ended	Individual Quarter Preceding Year Corresponding Quarter	Current Year to Date	Cumulative Period Preceding Year Corresponding Period
	31.3.19 RM'000	31.3.18 RM'000	31.3.19 RM'000	31.3.18 RM'000
Loss for the Period (RM'000)	(662)	(695)	(662)	(695)
Weighted Average Number of Ordinary Shares of RM0.15 each ('000)	312,000	312,000	312,000	312,000
Earnings Per Share				
- Basic (sen)	(0.21)	(0.22)	(0.21)	(0.22)
- Diluted (sen)	-	-	-	-

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

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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

	Current Year Quarter 31.3.19 (3 Months) (Unaudited) RM'000	Individual Quarter Preceding Year Corresponding Quarter 31.3.18 (3 Months) (Unaudited) RM'000	Current Year to Date 31.3.19 (3 Months) (Unaudited) RM'000	Cumulative Quarter Preceding Year Corresponding Period 31.3.18 (3 Months) (Unaudited) RM'000
Profit /(Loss) for the period/ year is arrive at after charging/(crediting) :				
Interest expense	695	798	695	798
Depreciation and amortization	608	610	608	610
Provision for bad and doubtful debts	3	-	3	-
Other Income:-				
Gain on disposal of PPE	150	-	150	-
Rental Income	20	60	20	60
Insurance recovery	-	26	-	26
Bad debts recovery	1	-	1	-

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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 Keper, 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.

On 16 April 2019, Bursa Securities had granted the Company a waiver from complying with the approval conditions stated in its letter dated 31 October 2018 that Kepala Batas Bihun Sdn Bhd is required to obtain its certificate of completion and compliance for No. 1239, Jalan Lahar Keper, 13200 Kepala Batas, Pulau Pinang, comprising 9 parcels of adjacent land prior to the issuance of new EKA Shares pursuant to the Regularisation Plan.

EKA NOODLES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 MARCH 2019

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

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

On 30 April 2019, EKA had filed the petition for the Proposed Capital Reconstruction at the High Court of Malaya at Penang and the hearing date for the petition has been fixed on 10 June 2019.

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.

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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