

EKA NOODLES BERHAD (Registration No.200201015902 (583565-U))
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AND QUARTERLY REPORT FOR THE PERIOD ENDED
31 DECEMBER 2020

	As at 31.12.20 (Unaudited) RM'000	As at 31.12.19 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	42,178	41,301
Right-of-Use Assets	5,413	5,646
	47,591	46,947
Current Assets		
Inventories	3,462	1,973
Trade Receivables	6,670	3,100
Other Receivables, Deposits and Prepayments	3,682	3,396
Current Tax Asset	63	63
Cash and Bank Balances	507	432
	14,384	8,964
TOTAL ASSETS	61,975	55,911
EQUITY AND LIABILITIES		
Share Capital	4,680	4,680
Revaluation Reserve	9,204	9,204
Accumulated Losses	(48,567)	(47,347)
Total Equity	(34,683)	(33,463)
Non-Current Liabilities		
Lease Liabilities	415	584
	415	584
Current Liabilities		
Trade Payables	10,232	7,662
Other Payables and Accruals	7,119	5,072
Borrowings	77,158	75,168
Amount owing to a director	785	-
Lease Liabilities	362	306
Provision for Taxation	587	582
	96,243	88,790
Total Liabilities	96,658	89,374
TOTAL EQUITY AND LIABILITIES	61,975	55,911
Net Assets Per Ordinary Share Attributable to Owner of the Company (RM)	(0.11)	(0.11)

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME AND QUARTERLY REPORT ON CONSOLIDATED PERIOD
ENDED 31 DECEMBER 2020

	Current Quarter (3 Months) 31.12.20 (Unaudited) RM'000	Individual Quarter Preceding Year Corresponding Quarter (3 Months) 31.12.19 (Unaudited) RM'000	Changes (Amount/ %)	Current Period to Date (12 Months) 31.12.20 (Unaudited) RM'000	Cumulative Quarter Preceding Year Corresponding Period (12 Months) 31.12.19 (Audited) RM'000	Changes (Amount/ %)
Revenue	10,313	6,500	58.66	41,222	25,400	62.29
Cost of Sales	(7,986)	(5,154)	54.95	(32,985)	(20,186)	63.41
Gross Profit	2,327	1,346	72.88	8,237	5,214	57.98
Other Income	143	85	68.24	578	301	92.03
Administrative Expenses	(1,835)	(1,123)	63.40	(4,781)	(6,035)	-20.78
Selling and Distribution Expenses	(872)	(563)	54.88	(3,059)	-	100.00
Operating Profit / (Loss)	(237)	(255)	7.06	975	(520)	287.50
Finance Costs	(429)	(615)	-30.24	(2,054)	(2,201)	-6.68
Loss Before Taxation	(666)	(870)	23.45	(1,079)	(2,721)	60.35
Taxation	71	16	-343.75	(141)	(73)	93.15
Loss After Taxation	(595)	(854)	30.33	(1,220)	(2,794)	56.34
Loss and Other Comprehensive Loss for the Financial Year	(595)	(854)	30.33	(1,220)	(2,794)	56.34
Loss and Other Comprehensive Loss Attributable to Owner of the Company	(595)	(854)	30.33	(1,220)	(2,794)	56.34

EKA NOODLES BERHAD (Registration No.200201015902 (583565-U))
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND
QUARTERLY REPORT ON CONSOLIDATED PERIOD ENDED 31 DECEMBER 2020

	Current Quarter	Individual Quarter Preceding Year Corresponding Quarter	Changes (Amount/ %)	Current Period to Date	Cumulative Quarter Preceding Year Corresponding Period	Changes (Amount/ %)
	(3 Months) 31.12.20 (Unaudited) RM'000	(3 Months) 31.12.19 (Unaudited) RM'000		(12 Months) 31.12.20 (Unaudited) RM'000	(12 Months) 31.12.19 (Unaudited) RM'000	
Loss and Other Comprehensive Loss for the Financial Year	(595)	(854)	30.33	(1,220)	(2,794)	56.34
Earnings Per Share						
-Basic (sen)	(0.19)	(0.27)		(0.39)	(0.90)	
-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 2019 and the accompanying explanatory notes attached to the interim financial statements.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND QUARTERLY REPORT ON
CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	-----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		
Audited								
Balance as at 1 January 2019	46,800	3,600	4,837	9,204	6,000	(6,000)	(95,110)	(30,669)
Reclassification (1)	8,437	(3,600)	(4,837)	-	-	-	-	-
Write off (2)	-	-	-	-	(6,000)	6,000	-	-
Loss for the year / Other comprehensive loss for the year	-	-	-	-	-	-	(2,794)	(2,794)
Transaction with Owners:								
- Capital reduction (3)	(50,557)	-	-	-	-	-	50,557	-
Balance as at 31 December 2019	4,680	-	-	9,204	-	-	(47,347)	(33,463)
Unaudited								
Balance as at 1 January 2020	4,680	-	-	9,204	-	-	(47,347)	(33,463)
Loss for the year / Other comprehensive loss for the year	-	-	-	-	-	-	(1,220)	(1,220)
Balance as at 31 December 2020	4,680	-	-	9,204	-	-	(48,567)	(34,683)

Note:

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

- (1) The Share Premium and capital reserve 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 was removed from the official list of Bursa Securities with effect from 9.00a.m. on Wednesday, 23 January 2019.
- (3) The Court had endorsed the capital reduction for the cancellation of 90% of share capital, share premium of RM3.60 million and capital reserve of RM4.837 million on 10 June 2019.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AND
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED
31 DECEMBER 2020

	Current Period to Date	Preceding Year Corresponding Period
	(12 months) 31.12.20 (Unaudited) RM'000	(12 months) 31.12.19 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Operations	33,542	25,357
Payment to Suppliers	(25,498)	(20,716)
Payment to Employees	(6,961)	(4,254)
Income Tax Paid	(145)	(71)
Net Cash from Operating Activities	938	316
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property, Plant and Equipment	2	-
Purchase of Property, Plant and Equipment	(1,239)	(164)
Net Cash used in Investing Activities	(1,237)	(164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease Liabilities Paid	(348)	(187)
Advance from a Director	785	-
Lease Liabilities Interest Paid	(63)	(59)
Net Cash from / (used in) Financing Activities	374	(246)
Net increase / (decrease) in Cash and Cash Equivalents	75	(94)
Cash and Cash Equivalents at Beginning	432	526
Cash and Cash Equivalents at End	507	432
Represented by: -		
Fixed Deposits with Licensed Banks	-	-
Cash and Bank Balances	507	432
	507	432

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
 NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
 ENDED 31 DECEMBER 2020**

**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 2019.

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 2019. The Group has adopted the standards which were effective for annual periods beginning on or after 1 January 2020. The Group has not applied in advance the following standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for current financial period: -

		Effective dates for financial periods <u>beginning on or</u> <u>after</u>
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate benchmark Reform- Phase 2	1 January 2021
Amendments to MFRS 3	Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2022
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFS 116	Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022

**EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
 NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
 ENDED 31 DECEMBER 2020**

**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 1, MFRS 9, MFRS 16, MFRS 141	Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments 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) Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019 contain qualification. The basis of qualified opinion stated in B15.

A4) Seasonal or Cyclical Factors

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

A5) 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.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

A6) Material Changes in Estimates

There were 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.

A7) 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.

A8) Dividend Paid

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

A9) 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 2020 was as follows:

	Revenue	Total Assets	Capital Expenditures
	RM’000	RM’000	RM’000
West Malaysia	37,654	51,268	3,409
East Malaysia	3,568	10,707	9
	41,222	61,975	3,418

A10) 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.

A11) Events Subsequent to the Balance Sheet Date

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

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

A12) 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.

A13) 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.

A14) Capital Commitments

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

A15) Revenue

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 twelve months ended 31 December 2020 was as follows:

	Year-to Date as at 31.12.20			Preceding Year as at 31.12.19		
	(Unaudited)			(Unaudited)		
	West	East	Total	West	East	Total
	Malaysia	Malaysia		Malaysia	Malaysia	
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue						
- Sales of Rice and Sago Stick (Vermicelli)	35,551	3,489	39,040	20,228	3,759	23,987
- Transportation Services	2,103	79	2,182	1,293	120	1,413
Total	37,654	3,568	41,222	21,521	3,879	25,400

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

A16) 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.

	Year-to Date As at 31.12.20 (Unaudited) RM’000	Preceding Year As at 31.12.19 (Audited) RM’000
Financial Assets		
<u>Amortised Cost</u>		
Trade and other receivables	7,656	4,200
Cash and cash equivalents	507	432
	<u>8,163</u>	<u>4,632</u>
	Year-to-Date As at 31.12.20 (Unaudited) RM’000	Preceding Year As at 31.12.19 (Audited) RM’000
Financial Liabilities		
<u>Amortised Cost</u>		
Trade and other payables	17,351	12,734
Lease liabilities	777	890
Borrowings	77,158	75,168
	<u>95,286</u>	<u>88,792</u>

(ii) 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 (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020**

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

A17) Related Party Transactions

The recurrent related party transactions set below were carried out in the normal course of business and on term and conditions not more materially different from those obtainable in transactions with unrelated parties.

	Current Period -to-Date 31.12.20 (Unaudited) RM’000	Preceding Year As at 31.12.19 (Audited) RM’000
Rental of motor vehicles	86	64
Sales of goods	358	248
Purchases of goods	-	614

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 DECEMBER 2020

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'20 RM'000	July- Sept'20 RM'000	Changes (Amount/ %)	Oct- Dec'19 RM'000	Current Period to Date Jan- Dec'20 RM'000	Cumulative Quarter Preceding Year Corresponding Period Jan- Dec'19 RM'000	Changes (Amount/ %)
Revenue							
- West Malaysia	9,618	10,426	-7.75	5,578	37,654	21,521	74.96
- East Malaysia	695	952	-27.00	922	3,568	3,879	-8.02
Total	10,313	11,378	-9.36	6,500	41,222	25,400	62.29
Profit / (Loss) before tax							
- West Malaysia	(624)	(95)	-556.84	(793)	(972)	(2,132)	54.41
- East Malaysia	(42)	25	-268.00	(77)	(107)	(589)	81.83
Total	(666)	(70)	-851.43	(870)	(1,079)	(2,721)	60.35

	Current Quarter Oct – Dec'20 RM'000	Immediate Preceding Quarter July – Sept'20 RM'000	Changes (Amount/ %)	Current Period to Date Jan- Dec'20 RM'000	Cumulative Quarter Preceding Year Corresponding Period Jan- Dec'19 RM'000	Changes (Amount/ %)
Revenue	10,313	11,378	-9.36	41,222	25,400	62.29
Gross Profit	2,327	2,116	9.97	8,237	5,214	57.98
Operating Profit/(Loss)	(237)	442	-153.62	975	(520)	287.50
Profit/(Loss) Before Interest and Tax	(237)	442	-153.62	975	(520)	287.50
Loss Before Tax	(666)	(70)	-851.43	(1,079)	(2,721)	60.35

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 DECEMBER 2020

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 Quarter	Immediate Preceding Quarter	Changes (Amount/ %)	Current Period to Date	Cumulative Quarter Preceding Year Corresponding Period	Changes (Amount /%)
	Oct – Dec’20	July – Sept’20		Jan – Dec’20	Jan- Dec’19	
	RM’000	RM’000		RM’000	RM’000	
Loss After Tax	(595)	(15)	-3866.67	(1,220)	(2,794)	56.34
Loss and Other Comprehensive Loss Attributable to Owner of the Company	(595)	(15)	-3866.67	(1,220)	(2,794)	56.34

Comparison with corresponding period in the previous year

The Group’s revenue for the current period under review was RM41.22 million and loss before tax was RM1.08 million.

The revenue was increased by RM15.82 million, or 62.29% to RM41.22 million as compared to RM25.40 million preceding year corresponding period under review. Increase in revenue mainly arising from selling of OEM brand products which had generated revenue in sum of RM16.67 million.

The Group derived a gross profit (“GP”) of RM8.24 million, RM3.03 million or 57.98% higher than RM5.21 million in the preceding year corresponding period under review. Gross profit margin had slightly decreased to 19.98% in the current period to date as compared to 20.53% in the preceding year corresponding period under review, reduced by 0.55%.

The Group gains an operating profit of RM0.98 million as compared to operating loss (“OL”) of RM0.52 million in the preceding year corresponding period under review, improve by RM1.50 million or 287.50%. Improvement in OP arising from (a) increment gross profit in line with increase in revenue (b) increase in other income to RM0.58 million consists of (i) government grant subsidy from Wages Subsidy Programme (“WSP”) of RM0.30 million (ii) rental income of RM0.18 million from letting out part of factory building (iii) scrap sales, commission received and insurance recovery in sum of RM0.10 million.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 DECEMBER 2020

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 RM1.08 million, 60.35% lower than RM2.72 million in the preceding year corresponding period under review. The lower loss before tax in the current period due to (a) increased in operating profit to RM0.98 million, including lower directors fee of RM69,702, reversal of prior year director fee of RM108,000, (b) reduce in finance costs. Finance cost had also reduced from RM2.20 million to RM2.05 million in the current period especially reduced in term loan interest which recognized based on effective interest rate method. Finance cost consists of term loan interest, lease interest and late interest charges.

For West Malaysia, its revenue increased by RM16.13 million to RM37.65 million or represented 74.96% higher as compared to RM21.52 million in the preceding year corresponding period under review. The increase in revenue resulting from increased in selling of OEM brand products which had generated additional revenue of RM16.67 million. For East Malaysia, the revenue had reduced to RM3.57 million, decreased by RM0.31 million or represented 8.02% decrease as compared with RM3.88 million in the preceding year corresponding period under review.

West Malaysia had suffered a lower loss before tax of RM0.97 million for current period under review as compared to loss before tax of RM2.13 million in the preceding year corresponding period under review, reduced by RM1.16 million or 54.41%. East Malaysia also suffered a lower loss before tax of RM0.11 million as compared to loss before tax of RM0.59 million in preceding year corresponding period under review, reduced by RM0.48 million or 81.83%.

Comparison with preceding quarter

The Group's revenue for the current quarter under review was RM10.31 million and loss before tax was RM0.67 million.

The Group's revenue for the current quarter dropped by RM1.07 million, or 9.36% as compared to RM11.38 million in the immediate preceding quarter under review. For West Malaysia, total revenue dropped by 7.75% or RM0.81 million to RM9.62 million as compared to RM10.43 million in the preceding quarter. Decrease in revenue due to slow demand in market.

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 had reduced by RM0.26 million or 27.00% to RM0.69 million as compared to RM0.95 million in the immediate preceding quarter. The decrease in revenue results from long holiday in production for annual maintenance of the boiler, plant and machinery in the factory.

The Group derived a gross profit (“GP”) of RM2.33 million, RM0.21 million or 9.97% higher than RM2.12 million in the immediate preceding quarter. The increase in GP due to reduces in labour costs arising from the shortage in production manpower. Direct labour cost drop to RM1.07 million in the current quarter as compared to RM1.25 million in the immediate preceding quarter.

The Group facing an operating loss of RM0.24 million as compared to RM0.44 million operating profit in the immediate preceding quarter, loss by RM0.68 million or 153.62%. Decreased in OP was due to (a) reduces in other income such as scrap sales, grant subsidy, commission received in sum of RM0.11 million (b) the increased in administrative, selling and distribution expenses excessive the increase in gross profit. The increase in administrative expenses mainly due to (a) increase in provision for doubtful debts of RM0.20 million (b) written of unclaimed GST of RM0.22 million (c) audit fee of RM0.13 million.

There was loss before tax of RM0.67 million in the current quarter compared to loss before tax of RM0.07 million in the immediate preceding quarter under review, loss by RM0.60 million or 851.43%. The higher losses before tax due to increase in operating loss. However, the finance cost had reduces from RM0.51 million in preceding quarter to RM0.43 million in current year quarter due to reduces in interest rate.

For West Malaysia, there was a loss before tax of RM0.62 million in current year quarter as compared to RM 0.10 million, 556.84% or RM0.52 million higher than loss before tax in preceding quarter. For East Malaysia, there was a loss before tax of RM0.04 million in current year quarter, loss by RM0.07 million or 268.00% as compared to profit before tax of RM0.03 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 (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 31 DECEMBER 2020

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

B4) Taxation	Current Quarter 31.12.20 RM'000	Current Period -to-Date 31.12.20 RM'000	Cumulative Period Preceding Year Corresponding Period 31.12.19 RM'000
Income Tax			
Over Provision in Prior Year	(11)	(11)	(25)
Current Year	(130)	82	98
Deferred Tax	70	70	-
	(71)	141	73

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 has 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.

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 B14 for details of Proposed Regularisation Plan.

**EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020**

**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)

On 29 May 2019, the Company and the Vendor of KBB had recorded in writing a mutual agreement on 24 April 2019 to extend the date to satisfy or waive the conditions precedent in accordance with the conditional share purchase agreement dated 27 February 2018 between the Company and the Vendors of KBB for the acquisition of the entire issued share capital in KBB for a purchase consideration of RM55,000,000 and as varied by the first supplemental agreement dated 31 May 2018 and second supplemental agreement dated 11 October 2018.

On 30 October 2019, EKA and the Vendors of KBB had mutually agreed to extend the date to satisfy or waive the conditions precedent in accordance with the SPA in relation to the Acquisition up to 30 April 2020 or such other extended date as may be mutually agreed by the parties.

On 27 April 2020, the Board of EKA resolved that not to extend further the date to satisfy or waive the conditions precedent in accordance with the SPA in relation to the Acquisition, the Company's Regularisation Plan and the fire accident on 1 March 2020 at the target acquisition company's factory located at No 1239, Jalan Lahar Kepar, 13200 Kepala Batas, Penang belonging to KBB. The Company and the Vendors of KBB had mutually agreed to terminate the said SPA in relation to the Acquisition.

Exclusive License Agreement

On 30 April 2020, Kilang Bihun Bersatu Sdn Bhd, a wholly-owned subsidiary had entered into an Exclusive License Agreement ("Agreement") with Kepala Batas Bihun Sdn Bhd.

B8) Borrowings and Debts Securities

The Groups' borrowings as at current quarter ended 31 December 2020 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings: -			
Lease Liabilities	-	362	362
Revolving Credit	2,594	-	2,594
Term Loans	74,564	-	74,564
Total	77,158	362	77,520
	Secured RM'000	Unsecured RM'000	Total RM'000
Long Term Borrowings: -			
Lease Liabilities	-	415	415
Term Loans	-	-	-
Total	-	415	415
Total	77,158	777	77,935

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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 Groups' borrowings as at cumulative quarter preceding year corresponding period ended 31 December 2019 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings: -			
Lease Liabilities	-	306	306
Revolving Credit	2,594	-	2,594
Term Loans	72,574	-	72,574
Total	<u>75,168</u>	<u>306</u>	<u>75,474</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
Long Term Borrowings: -			
Lease Liabilities	-	584	584
Term Loans	-	-	-
Total	<u>-</u>	<u>584</u>	<u>584</u>
Total	<u>75,168</u>	<u>890</u>	<u>76,058</u>

The revolving credit and term loan bore a weighted average of 8.35% (2019:8.35%) 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) 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 (Registration No. 200201015902 (583565-U))
 NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
 ENDED 31 DECEMBER 2020**

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

B11) Material Litigation

No.	Company	The Creditors	Material Litigations	Remarks
1.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”) & Eka Foodstuff Sdn Bhd (“EFSB”)	1. Great Food Industries Sdn Bhd vs Mazlan Bin Mahamas Isa (trading as Perniagaan Idaman Murni), Great Line Success Sdn Bhd, Ang Eng Hooi, Kilang Bihun Bersatu Sdn Bhd, Eka Foodstuff Sdn Bhd and Chew Hong Food Industries Sdn Bhd - High Court of Kuala Lumpur Writ of Summon and Statement of Claims No. WA-22IP-53-08/2019	Great Food Industries Sdn Bhd (“the Plaintiff”) claims against Mazlan Bin Mahamas Isa (trading as Perniagaan Idaman Murni), Great Line Success Sdn Bhd, Ang Eng Hooi, Kilang Bihun Bersatu Sdn Bhd, Eka Foodstuff Sdn Bhd and Chew Hong Food Industries Sdn Bhd (“the Defendants”): i. Compensation; ii. Exemplary and statutory compensations; iii. Interest; iv. Cost and subsequent reliefs and / or any other reliefs that the honorable Court may deem fit and appropriate.	The matter is fixed for e-review on 30 March 2021 and case management on 27 September 2021.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B11) Material Litigation (Cont'd)

No.	Company	The Creditors	Material Litigations	Remarks
2.	Kilang Bihun Bersatu Sdn Bhd (“KBBSB”) & EKA Foodstuff Sdn Bhd (“EFSB”)	1. KBBSB and EFSB vs Great Food Industries Sdn Bhd - High Court of Kuala Lumpur Writ of Summon and Statement of Claims No. WA-22IP-29-05/2020	KBBSB and EFSB claimed that Great Food Industries Sdn Bhd (“Defendant”) had involved in unlawful activities on: <ol style="list-style-type: none"> 1. Infringement of trademark known as Cap Dagang Ronggeng / Penari and Cap Dagang Triple A of EFSB registered under the Trademark Act 2019; 2. Misleading tort against KBBSB and EFSB; 3. Wrongful disruption tort on the business and trading of KBBSB and EFSB. KBBSB and EFSB seek amongst others, an injunction to prohibit the defendant together with its directors, officers, employees, partners and agents collectively or individually from activities related to the infringement of its copyrights, compensation, cost and subsequent reliefs and / or any other reliefs that the honorable Court may deem fit and appropriate.	The matter is fixed for case management on 12 January 2021 and further extends to 20 September 2021.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B11) Material Litigation (Cont'd)

No.	Company	The Creditors	Material Litigations	Remarks
3.	EKA Noodles Berhad, Kilang Bihun Bersatu Sdn Bhd, Bersatu Noodles Industries Sdn Bhd, Bersatu Biotechnology (Johore) Sdn Bhd, Kilang Bihun Bersatu (East Malaysia) Sdn Bhd, Bersatu Sago Industries Sdn Bhd, Bersatu Sago Industries (Mukah) Sdn Bhd, EKA Foodstuff Sdn Bhd (“EKA Group”)	1. Fong Yit Meng vs EKA Noodles Berhad, Kilang Bihun Bersatu Sdn Bhd, Bersatu Noodles Industries Sdn Bhd, Bersatu Biotechnology (Johore) Sdn Bhd, Kilang Bihun Bersatu (East Malaysia) Sdn Bhd, Bersatu Sago Industries Sdn Bhd, Bersatu Sago Industries (Mukah) Sdn Bhd, EKA Foodstuff Sdn Bhd, Ang Eng Hooi - Penang Georgetown Session Court Writ of Summon and Statement of Claims No. PA-A52NCvC-193-12/2020 - Defendants had filed a Statement of Defence No. PA-A52NCvC-194-12/2020 to the Session Court of Georgetown, Penang	Fong Yit Meng, a former Director of EKA and its subsidiaries, claims against EKA Group and Ang Eng Hooi, balance outstanding salary of RM277,636.00. The Plaintiff seeks against the Defendants for the following:- 1. The outstanding sum of RM277,636.00 2. Interest at the rate of 5% per annum on the outstanding sum of RM277,636.00 from 22 December 2020 until the date of full settlement; 3. Costs, and 4. Other relief that the Honorable Court deems fit and proper to grant.	The matter is fixed for case management on 15 April 2021 for parties respective applications for striking out and summary judgement.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B12) 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 Period to Date	Cumulative Period Preceding Year Corresponding Period
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
Loss for the Period (RM'000)	(595)	(854)	(1,220)	(2,794)
Weighted Average Number of Ordinary Shares of RM0.15 each ('000)	312,000	312,000	312,000	312,000
Earnings Per Share				
- Basic (sen)	(0.19)	(0.27)	(0.39)	(0.90)
- 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 (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B13) Profit / (Loss) for the Period / Year

	Current Quarter	Individual Quarter Preceding Year Corresponding Quarter	Current Period to Date	Cumulative Quarter Preceding Year Corresponding Period
	31.12.20	31.12.19	31.12.20	31.12.19
	(3 Months)	(3 Months)	(12 Months)	(12 Months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit /(Loss) for the period/ year is arrive at after charging/(crediting) :				
Interest expense	429	615	2,054	2,201
Depreciation and amortization	788	553	2,541	2,384
Depreciation of right-of-used assets	143	-	233	-
Provision for bad and doubtful debts	201	-	224	8
Other Income: -				
Gains on disposal of property, plant and equipment	2	-	2	156
Rental Income	60	40	180	60
Insurance recovery	-	-	17	-
Bad debts recovery	-	10	-	14
Grant subsidy	64	-	296	-

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

B14) 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 (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B14) 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.

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

B14) Practice Note 17 (“PN17”) Status (Cont’d)

i. 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.

On 31 October 2018, Bursa Securities had 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**”);

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B14) Practice Note 17 (“PN17”) Status (Cont’d)

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 vided 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 EKA 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.

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

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

B14) Practice Note 17 (“PN17”) Status (Cont’d)

ii. Capital Reconstruction

The Capital Reconstruction of the Company’s financial position involving the reduction of 90% of the share capital of the Company, reduces the share capital of the Company from RM46,800,000 to RM4,680,000 comprising 312,000,000 EKA’s Shares and give rise to a credit amounting to RM42,120,000, cancellation of the Company’s entire share premium of RM3,600,000 and set off of the Company’s entire capital reserve of RM4,837,366 pursuant to the Section 116 of the Companies Act 2016.

The High Court of Penang had on 10 June 2019 granted an order confirming the Capital Reconstruction (“Court Order”). The sealed Court order was then lodged with the registrar of Companies on 28 June 2019, following which the Capital Reconstruction became effective and is deemed completed.

On 17 October 2019, Bursa Securities had granted EKA an extension of time up to 30 April 2020 to implement and complete its Regularisation Plan.

On 27 April 2020, the Board of EKA resolved that not to extend further the date to satisfy or waive the conditions precedent in accordance with the SPA in relation to the Acquisition, the Company’s Regularisation Plan and the fire accident on 1 March 2020 at the target acquisition company’s factory located at No 1239, Jalan Lahar Kepar, 13200 Kepala Batas, Penang belonging to KBB.

The Company and the Vendors of KBB had mutually agreed to terminate the said SPA in relation to the Acquisition. Arising from this, EKA is no longer able to implement its Regularisation Plan as the Acquisition is inter-conditional with the other respective proposals of the Regularisation Plan. The Company is required to formulate and submit a revised proposed regularisation plan to the regulatory authorities pursuant to the requirements of Practice Note 17 of the Main market Listing Requirements.

On 28 April 2020, the Company had submitted an application for extension of time of 9 months to Bursa Securities for the Company to submit its revised proposed regularisation plan, i.e. 31 January 2021.

On 20 May 2020, Bursa Securities had granted the Company an extension of time of up to 31 October 2020 to submit a revised regularisation plan to the regulatory authorities after the unsuccessful implementation of regularisation plan on 30 April 2020 which was approved on 31 October 2018.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B14) Practice Note 17 (“PN17”) Status (Cont’d)

The aforesaid extension of time is without prejudice to Bursa Securities’ right 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 submit a regularisation plan to the regulatory authorities on or before 31 October 2020;
- ii) The Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or
- iii) The Company fails to implement its regularisation plan within the time frame or extended frames stipulated by any of the regulatory authorities.

Upon occurrence of any events set out in (i) to (iii) 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.

On 12 July 2020, the High Court of Malaya in Alor Setar, Kedah Darul Aman has granted an Order pursuant to Section 366 and Section 368 of the Companies Act, 2016 to EKA Group an approval to call for Secured Creditor’s Meeting pursuant to Section 366 of the Companies Act 2016 for the purpose of taking into account and if deemed appropriate, to approve with or without modification, a proposed scheme of arrangement and compromise between EKA and its secured Creditors within 90 days from 12 July 2020.

All proceedings or actions or further proceedings against EKA and/or EKA Group by any party including the scheme creditors including but not limited to the commencement any proceedings or continuing with any proceedings with Court action; the commencement or continuing any court action including any winding-up proceeding; the taking of any action, termination or proceeding whatsoever or in any way under any form of guarantee or indemnity granted to EKA and/or EKA Group; any enforcement, detention, or any other form of execution of any judgement or order against EKA and/or EKA Group; or the sale of any asset that is the subject of any security interest created by EKA and/or EKA Group, repossession of any plant, equipment or machinery under lease or hire purchase be restrained for a period of 90 days effective from 12 July 2020 or such other longer period determined by the Court subject to the terms as may be determined by the Court pursuant to Section 368 of the Companies Act, 2016.

On 12 October 2020, the High Court of Malaya in Alor Setar, Kedah Darul Aman has granted an extension of Restraining Order pursuant to Section 366 and Section 368 of the Companies Act, 2016 to EKA Group for a period of 3 months from 12 October 2020 to hold the Court Convened Meetings.

On 30 October 2020 and 19 November 2020, EKA has submitted an application for extension of time of up to 30 June 2021, to Bursa Securities for the Company to submit its revised proposed regularisation plan.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B14) Practice Note 17 (“PN17”) Status (Cont’d)

On 3 December 2020, Bursa Securities had decided to grant the Company an extension of time up to 30 April 2021 for it to submit its revised regularisation plan to the regulatory authorities.

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

- i. the Company fails to submit a regularisation plan to the regulatory authorities on or before 30 April 2021;
- ii. the Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or
- iii. 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 (iii) 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.

On 14 December 2020, the High Court of Malaya at Alor Setar, Kedah has granted an extension of Restraining Order pursuant to Section 366 and Section 368 of the Act to the Company and its subsidiaries (“EKA Group”) for a period of 3 months from 12 January 2021 to 12 April 2021.

On 10 February 2021, the Company had received an Order from Vibrant Class Sdn Bhd (“the Applicant”) that the High Court of Malaya in Kuala Lumpur had granted an Order pursuant to Section 366 of the Companies Act, 2016 (“the Act”) to EKA and the following 7 wholly-owned subsidiaries:-

1. Kilang Bihun Bersatu Sdn Bhd
2. Bersatu Noodles Industries Sdn Bhd
3. Bersatu Biotechnology (Johore) Sdn Bhd
4. Kilang Bihun Bersatu (East Malaysia) Sdn Bhd
5. Bersatu Sago Industries Sdn Bhd
6. Bersatu Sago Industries (Mukah) Sdn Bhd
7. EKA Foodstuff Sdn Bhd

(collectively, the “EKA Group”)

the liberty to hold Creditors’ Meetings and Members’ Meeting (collectively, Court Convened Meetings) pursuant to Section 366(1) of the Act within 90 days from 21 January 2021.

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B14) Practice Note 17 (“PN17”) Status (Cont’d)

On 28 February 2021, two wholly-owned subsidiaries namely Kilang Bihun Bersatu Sdn Bhd (“KBBSB”) and Kilang Bihun Bersatu (East Malaysia) Sdn Bhd (“KBBEM”), (collectively, the “Affected Subsidiaries”) had applied for Judicial Management Order (“JM Order”) pursuant to Sections 404, 405, 406, 407, 408, 410 and 411 of the Companies Act, 2016 with the High Court of Malaya at Alor Setar, Kedah.

The application for the JM Order immediately puts into effect a moratorium (“Moratorium”) for the period commencing with the application of the JM Order and ending with the grant or dismissal of the application, during which no resolution shall be passed or order shall be made for the winding-up of the Affected Companies. In addition, during this Moratorium, the leave of the High Court will be required:-

1. To enforce any charge on or security over the properties of the Affected Companies; and
2. To commence or continue any legal proceedings against the Affected Subsidiaries or their respective properties.

The rationale of the application is as follows:

1. To get the involvement of an independent professional to manage the ongoing operations of the Affected Subsidiaries with the assistance of the existing management subject to the approval of the High Court;
2. To rehabilitate and maximize the return to secured creditors of the Affected Subsidiaries; and
3. To give the Affected Subsidiaries a chance to rehabilitate and be restored to profitability.

B15) Audit Report Qualifications

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019 contain qualification.

Basis of Qualified Opinion

The financial statements of the Company have been prepared on the assumption that the Group and the Company will continue as going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realize their assets and settle their liabilities in the normal course of business.

The going concern assumption is highly dependent on:-

EKA NOODLES BERHAD (Registration No. 200201015902 (583565-U))
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 31 DECEMBER 2020

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

B15) Audit Report Qualifications (Cont'd)

- i) The Group and the Company achieving sustainable and viable operations;
- ii) The group and the Company generating adequate cash flows for its operating activities and repayment to its creditors;
- iii) The timing and successful formulation and implementation of the revised regularisation plan;
- iv) Court order for leave to call creditors' meeting and restraining order is not revoked or granted further extension of time; and
- v) The outcome of the legal suits adjudged in favour of the Group.

The matters set above indicates the existence of material uncertainties that may cast significant doubt on the ability of the Group and of the Company to continue as going concern and therefore, EKA may be unable to realize EKA assets and discharge EKA liabilities in the normal course of business.

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.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK