

**KAWAN FOOD BERHAD**  
**(Company No: 640445-V)**  
**(Incorporated in Malaysia)**

*Condensed Consolidated Statement of Comprehensive Income*  
*For the Twelve Months Ended 31 December 2010 - Unaudited*

	Note	3 months ended		12 months ended	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
		RM	RM	RM	RM
			(restated)		(restated)
<b>Revenue</b>	<b>A8</b>	21,754,259	20,345,458	92,187,894	87,634,892
Cost of sales		(12,749,720)	(11,583,158)	(51,742,256)	(49,555,244)
<b>Gross profit</b>		<u>9,004,539</u>	<u>8,762,300</u>	<u>40,445,638</u>	<u>38,079,648</u>
Other income		113,584	1,406,738	599,112	1,629,747
Selling & distribution expenses		(3,070,501)	(3,199,398)	(12,618,188)	(12,699,814)
Administrative expenses		(2,623,554)	(2,493,757)	(10,276,152)	(8,689,603)
Finance costs		(141,329)	(105,249)	(586,218)	(574,520)
<b>Profit before tax</b>		<u>3,282,739</u>	<u>4,370,634</u>	<u>17,564,192</u>	<u>17,745,458</u>
Income tax expense	<b>B5</b>	294,935	(115,558)	(3,762,684)	(4,181,931)
<b>Profit for the period</b>		<u>3,577,674</u>	<u>4,255,076</u>	<u>13,801,508</u>	<u>13,563,527</u>
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation of foreign operations		148,246	(251,166)	(1,803,722)	(331,593)
<b>Other comprehensive income/(loss), net of tax</b>		<u>148,246</u>	<u>(251,166)</u>	<u>(1,803,722)</u>	<u>(331,593)</u>
<b>Total comprehensive income for the period</b>		<u>3,725,920</u>	<u>4,003,910</u>	<u>11,997,786</u>	<u>13,231,934</u>
<b>Profit attributable to:</b>					
Owners of the company		3,577,674	4,235,381	13,805,768	13,575,341
Non-controlling interest		-	19,695	(4,260)	(11,814)
<b>Profit for the period</b>		<u>3,577,674</u>	<u>4,255,076</u>	<u>13,801,508</u>	<u>13,563,527</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the company		3,725,920	3,984,215	12,002,046	13,243,748
Non-controlling interest		-	19,695	(4,260)	(11,814)
<b>Total comprehensive income for the period</b>		<u>3,725,920</u>	<u>4,003,910</u>	<u>11,997,786</u>	<u>13,231,934</u>
<b>Earning per share</b>					
Basic earnings per ordinary share (sen)	<b>B14</b>	2.98	3.53	11.50	11.31

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**KAWAN FOOD BERHAD**  
**(Company No: 640445-V)**  
**(Incorporated in Malaysia)**

*Condensed Consolidated Statement of Financial Position*  
*As at 31 December 2010 - unaudited*

	<b>As at 31.12.2010 RM</b>	<b>As at 31.12.2009 RM (restated)</b>
<b>Assets</b>		
Property, plant and equipment	65,217,633	65,331,944
Investment property	2,757,038	1,996,410
Deferred tax assets	56,023	100,043
Intangible asset	-	204,230
<b>Total non-current assets</b>	<u>68,030,694</u>	<u>67,632,627</u>
Inventories	5,530,480	5,575,501
Trade and other receivables	18,306,763	17,877,462
Tax recoverable	2,623,958	1,357,303
Derivative financial instrument	763,770	-
Cash and cash equivalents	23,034,299	16,626,907
<b>Total current assets</b>	<u>50,259,270</u>	<u>41,437,173</u>
<b>Total assets</b>	<u><u>118,289,964</u></u>	<u><u>109,069,800</u></u>
<b>Equity</b>		
Share capital	60,000,000	60,000,000
Reserves	33,587,709	23,113,124
<b>Total equity attributable to owners of the company</b>	<u>93,587,709</u>	<u>83,113,124</u>
<b>Non-controlling interest</b>	-	4,260
<b>Total equity</b>	<u>93,587,709</u>	<u>83,117,384</u>
<b>Liabilities</b>		
Long term borrowings	4,858,898	5,993,038
Deferred tax liabilities	2,537,576	1,935,645
<b>Total non-current liabilities</b>	<u>7,396,474</u>	<u>7,928,683</u>
Trade and other payables	16,078,712	15,637,437
Short term borrowings	1,136,291	2,048,580
Taxation	90,778	337,716
<b>Total current liabilities</b>	<u>17,305,781</u>	<u>18,023,733</u>
<b>Total liabilities</b>	<u>24,702,255</u>	<u>25,952,416</u>
<b>Total equity and liabilities</b>	<u><u>118,289,964</u></u>	<u><u>109,069,800</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.78</u>	<u>0.69</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**KAWAN FOOD BERHAD**  
**(Company No: 640445-V)**  
**(Incorporated in Malaysia)**

*Condensed Consolidated Statement of Changes in Equity*  
*For the Twelve Months Ended 31 December 2010 - Unaudited*

	<-----Attributable to owners of the company----->					
	<----Non-distributable---->			Distributable		
	Share Capital RM	Foreign Currency Exchange Reserve RM	Retained Profits RM	Total RM	Non- Controlling Interest RM	Total Equity RM
<b>At 1 January 2010</b>	60,000,000	1,173,419	21,939,705	83,113,124	4,260	83,117,384
Effect of applying FRS 139	-	-	152,539	152,539	-	152,539
<b>Restated balance</b>	60,000,000	1,173,419	22,092,244	83,265,663	4,260	83,269,923
Total comprehensive income for the period	-	(1,803,722)	13,805,768	12,002,046	(4,260)	11,997,786
Dividend	-	-	(1,680,000)	(1,680,000)	-	(1,680,000)
<b>At 31 December 2010</b>	<u>60,000,000</u>	<u>(630,303)</u>	<u>34,218,012</u>	<u>93,587,709</u>	<u>-</u>	<u>93,587,709</u>
<b>At 1 January 2009</b>	60,000,000	1,505,012	10,044,364	71,549,376	16,074	71,565,450
Total comprehensive income for the period	-	(331,593)	13,575,341	13,243,748	(11,814)	13,231,934
Dividend	-	-	(1,680,000)	(1,680,000)	-	(1,680,000)
<b>At 31 December 2009</b>	<u>60,000,000</u>	<u>1,173,419</u>	<u>21,939,705</u>	<u>83,113,124</u>	<u>4,260</u>	<u>83,117,384</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**KAWAN FOOD BERHAD**  
**(Company No: 640445-V)**  
**(Incorporated in Malaysia)**

*Condensed Consolidated Statement of Cash Flows*  
*For the Twelve Months Ended 31 December 2010 - Unaudited*

	<b>12 months ended</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>RM</b>	<b>RM</b>
		<b>(restated)</b>
<b>Cash flows from operating activities</b>		
Profit before tax	17,564,192	17,748,956
Adjustments for:		
Depreciation and amortisation	5,176,947	4,024,948
Loss/(gain) on disposal of plant and equipment	196,788	(64,853)
Interest expense	317,722	372,196
Interest income	(114,125)	(190,816)
Goodwill written-off	204,230	
Unrealised foreign exchange gain	(43,667)	599,306
<i>Operating profit before working capital changes</i>	<u>23,302,087</u>	<u>22,489,737</u>
Changes in working capital:		
Inventories	86,387	(2,279,128)
Trade and other receivables	(429,301)	3,799,426
Trade and other payables	731,455	(1,818,219)
<i>Cash generated from operations</i>	<u>23,690,628</u>	<u>22,191,816</u>
Income tax paid	(4,637,125)	(5,659,330)
<b>Net cash generated from operating activities</b>	<u>19,053,503</u>	<u>16,532,486</u>
<b>Cash flows from investing activities</b>		
Interest received	114,125	190,816
Proceeds from disposal of plant and equipment	15,200	113,327
Purchase of property, plant and equipment	(8,340,723)	(13,068,812)
<b>Net cash used in investing activities</b>	<u>(8,211,398)</u>	<u>(12,764,669)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(317,722)	(372,196)
Dividend paid	(1,680,000)	(1,680,000)
(Repayment of)/Proceeds from borrowings	(2,046,426)	5,405,316
<b>Net cash (used in)/generated from financing activities</b>	<u>(4,044,148)</u>	<u>3,353,120</u>
<b>Net increase in cash and cash equivalents</b>	6,797,957	7,120,937
<b>Effect of changes in foreign exchange rate</b>	(390,565)	(22,775)
<b>Cash and cash equivalents at beginning of period</b>	<u>16,626,907</u>	<u>9,528,745</u>
<b>Cash and cash equivalents at end of period</b>	<u>23,034,299</u>	<u>16,626,907</u>

**KAWAN FOOD BERHAD**  
**(Company No: 640445-V)**  
**(Incorporated in Malaysia)**

*Condensed Consolidated Statement of Cash Flows*  
*For the Twelve Months Ended 31 December 2010 - Unaudited*

Cash and cash equivalents at the end of the financial period comprise the following:

	<b>As at</b> <b>31.12.2010</b> <b>RM</b>	<b>As at</b> <b>31.12.2009</b> <b>RM</b>
Deposits placed with licensed banks	2,327,269	4,908,875
Cash and bank balances	20,707,030	11,718,032
	<u>23,034,299</u>	<u>16,626,907</u>

-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1 Accounting policies and basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009, except for the following:

On 1 January 2010, the Group adopted the followings FRSs:-

**FRSs, Amendments to FRSs and Interpretations**

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statements
FRS 123 (revised)	Borrowings Costs
FRS 132 (revised)	Financial Instruments : Presentation
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 10	Impairment and Interim Financial Reporting
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowings Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instrument: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 139	Financial Instrument: Recognition and Measurement
Amendment to FRS 140	Investment Property

Other than for the application of FRS 101, FRS 139 and FRS 117, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

FRS 101 : Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

FRS 139 : Financial Instruments : Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the date of statement of financial position were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivative, are recognised at contract dates when, and only when, the company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classed into following categories:

<u>Pre-FRS 139</u>	<u>Post-FRS 139</u>
Long-term equity investments	Available-for sale investment
Long-term quoted debts instruments	Held-to-maturity investment
Private-debt instruments	Loans and receivables
Current investments	Financial assets at fair value through profit or loss
Unrecognised derivative assets	Financial assets at fair value through profit or loss
Long-term borrowings and bonds	Financial liabilities at amortised cost
Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standard of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

<u>Category</u>	<u>Measurement basis</u>
Financial instrument at fair value through profit or loss	At fair value through profit or loss
Held-to-maturity investments	At amortised cost effective interest method
Loans and receivables	At amortised cost effective interest method
Available-for-sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost.
Loans and other financial liabilities	At amortised cost effective interest method

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

Financial assets and financial liabilities designed as hedged items and hedging financial derivative are accounted for using the specified hedge accounting requirements of FRS 139. All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 139.

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of the measurement on 1 January 2010 of the financial assets and financial liabilities brought forward from previous financial year are adjusted to the opening retained profits as disclosed in the statement of changes in equity.

Amendment to FRS 117: Leases

The Group has adopted the Amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods. The following comparative figures have been restated following the adoption of the amendment to FRS 117.

	31 December 2009	
	As restated RM'000	As previously stated RM'000
Property, plant and equipment	65,332	54,742
Investment property	1,996	930
Prepaid lease payments	-	11,656

**A2 Qualification of financial statements**

The financial statements of the Company and its subsidiaries for the financial year ended 31 December 2009 were not qualified.

**A3 Seasonal or cyclical factors**

The business operations of the Group were 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 for the current quarter under review.

**A5 Changes in estimates**

There were no changes in estimates that have had material effect in the current quarter results.



**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

**A6 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities by the Company during the current quarter under review.

**A7 Dividend proposed, declared and paid**

An interim dividend of 1.4 sen per ordinary share tax exempt totalling RM1,680,000 in respect of the financial year ending 31 December 2010 has been paid on 30 April 2010.

**A8 Segmental information**

Business segments

The Group's business segments mainly comprise the manufacture and sale of frozen food products.

	Investment holding	Manufacturing	Trading	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7,000	89,851	87,411	(92,074)	92,188
Results	3,517	16,571	3,183	(5,120)	18,151
Finance cost					(586)
Taxation					(3,763)
Profit after tax					13,802

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	3 months ended		Year-to-date ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Malaysia	10,226	9,719	38,433	34,549
Rest of Asia	2,667	2,239	12,778	12,530
Europe	932	1,444	10,105	11,117
North America	6,327	5,835	24,620	22,876
Oceania	1,602	1,098	6,252	6,444
Africa	-	11	-	119
Consolidated	21,754	20,346	92,188	87,635

**A9 Valuation of property, plant and equipment**

No revaluation of property, plant and equipment were undertaken during the current quarter under review.

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

**A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the current quarter under review.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A12 Contingent liabilities**

The Board is not aware of any material contingent liabilities incurred by the Group for the current quarter under review.

**A13 Capital commitments**

The capital commitments of the Group as at 31 December 2010 is as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>4,039</u>

**A14 Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31 December 2010 are as follows:

	Current Quarter Ended 31 Dec 2010 RM'000	Year-to-date Ended 31 Dec 2010 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	<u>66</u>	<u>235</u>
Transactions with a company in which the spouse of Gan Thiam Hock, a Director of the Company has interests:		
K.C. Belight Food Industry (M) Sdn Bhd		
-Sales	237	780
-Purchases	<u>(12)</u>	<u>464</u>

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

	Current Quarter Ended 31 Dec 2010 RM'000	Year-to-date Ended 31 Dec 2010 RM'000
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest.		
Shana Foods Limited		
-Sales	1,844	9,052
	<u>1,844</u>	<u>9,052</u>
Rubicon Food Products Limited		
-Sales	190	1,798
	<u>190</u>	<u>1,798</u>

The above transactions have been entered in the normal course of business and have been established on terms and condition that are not materially different from those obtainable in similar transactions with unrelated parties.

**A15 Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements**

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special matter No.1, determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

Realised and unrealised profits or losses

	As at 31 Dec 2010 RM'000
- Realised	58,265
-Unrealised	(1,948)
	<u>56,317</u>
Consolidation adjustments	(22,099)
Total Group retained profits as per consolidated accounts	<u>34,218</u>

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA SECURITIES**

**B1 Review of performance**

The Group registered a turnover of RM21.75 million during the current quarter ended 31 December 2010 which was 6.9% increase as compared to RM20.35 million achieved in the corresponding quarter of the preceding year. Profit after tax ("PAT") decreased from RM4.26 million to RM3.58 million this quarter. The decrease in PAT was mainly due to the recognition of a non-recurring one-off income of RM1.2 million in the corresponding quarter of the preceding year.

**B2 Variance of quarterly results compared to preceding quarter**

The Group recorded a lower turnover of RM21.75 million for the current quarter under review compared to the immediate preceding quarter of RM24.31 million.

The profit before tax decreased to RM3.28 million for the current quarter from RM5.66 million registered in the immediate preceding quarter. The decrease was due to lower sales generated in the current quarter compared to the immediate preceding quarter.

**B3 Commentary on the prospect**

The Group seeks to utilise its expanding production capacity in both Malaysia and China and gain bigger market shares in these markets. The Group will continue to place emphasis to develop the domestic China market. Product research and development activities would be further intensified to develop and launch more innovative products that could cater for different market segments.

On a year-to-date basis, the strengthening of the Malaysia Ringgit/US Dollar exchange rate has negatively impacted the overall performance of the Group as a significant portion of the sales is transacted in US Dollars.

Barring any unforeseen circumstance, the Group is looking forward to maintaining its performance in 2011.

**B4 Variance of actual and profit forecast**

Not applicable as the Group did not issue any profit forecast for the current financial year.

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

**B5 Taxation**

	Current Quarter Ended 31 Dec 2010 RM'000	Year-to-date Ended 31 Dec 2010 RM'000
Tax expense		
-Current period	(1,112)	3,117
Deferred tax expense		
-origination and reversal of temporary differences	817	646
Total	<u>(295)</u>	<u>3,763</u>

The effective tax rate of the Group for the financial year under review is lower than the statutory tax rate principally due to the availability of reinvestment allowances.

**B6 Sale of unquoted investment and properties**

There were no sales of unquoted investment and properties during the current quarter under review.

**B7 Quoted and marketable securities**

There were no purchase or disposal of quoted and marketable securities during the current quarter under review.

**B8 Status of corporate proposal**

There were no corporate proposals announced.

**B9 Borrowings (secured)**

	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
Short term borrowings:		
Term loans	1,058	1,914
Finance lease liability	78	135
	<u>1,136</u>	<u>2,049</u>
Long term borrowings:		
Term loans	4,859	5,914
Finance lease liability	-	79
	<u>4,859</u>	<u>5,993</u>

The borrowings are denominated in Malaysia Ringgit

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

**B10 Derivative financial instruments**

The Group has entered into some forward foreign exchange currencies contracts to hedge its exposure to fluctuations in foreign currency from sales.

	Currency USD'000	Average contract rate	Contract value RM'000	Net fair value RM'000
Less than 1 year	3,200	3.3291	10,653	764

The derivative have been recorded on the Consolidated Statement of Financial Position for this reporting period in compliance with FRS 139

The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit risks are minimal.

**B11 Gains and losses arising from fair value changes of financial liabilities**

There were no gain or loss arising from fair value changes in financial liabilities in this reporting quarter.

**B12 Material litigation**

The Group does not have any material litigation as at the date of this announcement save for the following:

Georgetown Sessions Court Summons No. 52-3313-2004 Twenty First Grafix Sdn Bhd v Kawan Food Manufacturing Sdn Bhd ('KFM')

By a summons and statement of claim of filed on 9 November 2004 and served on KFM, a wholly owned subsidiary of the Company, on 29 November 2004, Twenty First Grafix Sdn Bhd, an advertising consultant providing corporate and product branding services of products ("Plaintiff"), has claimed against KFM the sum of RM130,940 alleged as owing by KFM to the Plaintiff, pursuant to the work and services provided to KFM by the Plaintiff, as well as interest and cost on the claim.

Following the judgement on 16 August 2010, the Plaintiff has filed their notice of appeal on 25 August 2010. Following the receipt of Form 141 from the Court, the Plaintiff has further filed in the Memorandum of Appeal and Record of Appeal on 27 December 2010 and 18 January 2011 respectively.

At the date of this announcement, the Court has yet to fix the hearing date for the appeal.

**B13 Dividend**

The dividend in respect of financial year ending 31 December 2010, of 1.4 sen per share tax exempt on 120,000,000 ordinary shares, amounting to RM1,680,000 (2009 : Nil) was paid on 30 April 2010.

**KAWAN FOOD BERHAD (640445-V)**  
**(Incorporated in Malaysia)**

**B14 Earning per share ("EPS")**

	3 months ended 31 Dec 2010	3 months ended 31 Dec 2009	Year-to-date ended 31 Dec 2010	Year-to-date ended 31 Dec 2009
Profit attributable to equity holders of the parent (RM'000)	3,578	4,235	13,806	13,575
Weighted average number of ordinary shares in issue (units)	120,000,000	120,000,000	120,000,000	120,000,000
Basic earning per share (sen)	<u>2.98</u>	<u>3.53</u>	<u>11.50</u>	<u>11.31</u>

There are no diluted EPS as the Company does not have any convertible financial instrument as at the end of the current quarter under review.

By Order of the Board

Gan Thiam Chai  
Executive Chairman  
Date: 28 February 2011