

*Condensed Consolidated Statement of Comprehensive Income*  
*For the Three Months Ended 31 March 2014 - Unaudited*

	3 months ended		3 months ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM	RM	RM	RM
<b>Revenue</b>	34,370,433	28,339,684	34,370,433	28,339,684
Cost of sales	(20,615,901)	(16,966,840)	(20,615,901)	(16,966,840)
<b>Gross profit</b>	13,754,532	11,372,844	13,754,532	11,372,844
Other income	206,579	155,019	206,579	155,019
Selling & distribution expenses	(5,341,167)	(4,837,144)	(5,341,167)	(4,837,144)
Administrative expenses	(3,042,773)	(2,448,164)	(3,042,773)	(2,448,164)
Finance costs	(107,506)	(109,316)	(107,506)	(109,316)
Share of loss of equity-accounted investees, net of tax	(24,327)	(45,239)	(24,327)	(45,239)
<b>Profit before tax</b>	5,445,338	4,088,000	5,445,338	4,088,000
Income tax expense	(1,257,345)	(951,655)	(1,257,345)	(951,655)
<b>Profit for the period</b>	4,187,993	3,136,345	4,187,993	3,136,345
<b>Other comprehensive profit, net of tax</b>				
Exchange differences on translation of foreign operations	(749,762)	405,426	(749,762)	405,426
<b>Other comprehensive profit, net of tax</b>	(749,762)	405,426	(749,762)	405,426
<b>Total comprehensive income for the period</b>	3,438,231	3,541,771	3,438,231	3,541,771
<b>Profit attributable to:</b>				
Owners of the company	4,177,579	3,142,591	4,177,579	3,142,591
Non-controlling interest	10,414	(6,246)	10,414	(6,246)
<b>Profit for the period</b>	4,187,993	3,136,345	4,187,993	3,136,345
<b>Total comprehensive income attributable to:</b>				
Owners of the company	3,427,817	3,548,017	3,427,817	3,548,017
Non-controlling interest	10,414	(6,246)	10,414	(6,246)
<b>Total comprehensive income for the period</b>	3,438,231	3,541,771	3,438,231	3,541,771
<b>Earning per share</b>				
Basic (Sen)	3.48	2.62	3.48	2.62
Diluted (Sen)	3.15	2.62	3.15	2.62

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

*Condensed Consolidated Statement of Financial Position*  
*As at 31 March 2014 - Unaudited*

	<b>unaudited</b>	<b>audited</b>
	<b>31.3.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Property, plant and equipment	79,909,922	78,103,997
Investment properties	2,647,652	2,675,400
Prepaid lease payments	2,881,893	2,986,503
Deferred tax assets	372,872	1,598,287
<b>Total non-current assets</b>	<u>85,812,339</u>	<u>85,364,187</u>
Other investments, including derivatives	5,395,487	5,354,783
Inventories	8,205,816	8,545,097
Trade, other receivables and prepayments	26,364,452	24,234,556
Cash and cash equivalents	38,432,901	36,146,284
<b>Total current assets</b>	<u>78,398,656</u>	<u>74,280,720</u>
<b>Total assets</b>	<u><u>164,210,995</u></u>	<u><u>159,644,907</u></u>
<b>Equity</b>		
Share capital	60,147,195	60,000,000
Share premium	264,951	-
Reserves	72,770,449	75,838,529
<b>Total equity attributable to owners of the company</b>	<u>133,182,595</u>	<u>135,838,529</u>
<b>Non-controlling interest</b>	<u>(15,786)</u>	<u>(26,200)</u>
<b>Total equity</b>	<u><u>133,166,809</u></u>	<u><u>135,812,329</u></u>
<b>Liabilities</b>		
Loans and borrowings	1,843,688	2,094,041
Deferred tax liabilities	1,865,120	3,054,466
<b>Total non-current liabilities</b>	<u>3,708,808</u>	<u>5,148,507</u>
Loan and borrowings	983,854	971,968
Trade and other payables	18,752,670	16,770,992
Dividend payables	6,495,897	-
Current tax liabilities	1,102,957	941,111
<b>Total current liabilities</b>	<u>27,335,378</u>	<u>18,684,071</u>
<b>Total liabilities</b>	<u>31,044,186</u>	<u>23,832,578</u>
<b>Total equity and liabilities</b>	<u><u>164,210,995</u></u>	<u><u>159,644,907</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>1.11</u>	<u>1.13</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity**  
**For the Three Months Ended 31 March 2014 - Unaudited**

	<-----Attributable to owners of the Company----->						
	<----Non-distributable---->			Distributable		Non-	
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Total RM	Controlling Interest RM	Total Equity RM
<b>At 1 January 2013</b>	60,000,000	-	321,896	58,486,504	118,808,400	(11,938)	118,796,462
Total other comprehensive income for the year							
-Foreign currency translation differences for foreign operations	-	-	3,014,487	-	3,014,487	-	3,014,487
Profit for the year	-	-	-	16,175,642	16,175,642	(14,262)	16,161,380
Total comprehensive income for the year	-	-	3,014,487	16,175,642	19,190,129	(14,262)	19,175,867
Dividends to owners of the Company	-	-	-	(2,160,000)	(2,160,000)	-	(2,160,000)
<b>At 31 December 2013/1 January 2014</b>	60,000,000	-	3,336,383	72,502,146	135,838,529	(26,200)	135,812,329
Total other comprehensive income for the period							
-Foreign currency translation differences for foreign operations	-	-	(749,762)	-	(749,762)	-	(749,762)
Profit for the period	-	-	-	4,177,579	4,177,579	10,414	4,187,993
Total comprehensive income for the period	-	-	(749,762)	4,177,579	3,427,817	10,414	3,438,231
Issuance of shares pursuant to: warrant conversion	147,195	264,951	-	-	412,146	-	412,146
Dividends to owners of the Company	-	-	-	(6,495,897)	(6,495,897)	-	(6,495,897)
<b>At 31 March 2014</b>	60,147,195	264,951	2,586,621	70,183,828	133,182,595	(15,786)	133,166,809

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

*Condensed Consolidated Statement of Cash Flows*  
*For the Three Months Ended 31 March 2014 - Unaudited*

	<b>3 months ended</b>	
	<b>31.3.2014</b>	<b>31.3.2013</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,445,338	4,133,239
Adjustments for:		
Depreciation and amortisation	1,554,596	1,519,666
(Gain)/loss on disposal of plant and equipment	(16,730)	6,617
Interest expense	36,973	48,491
Interest income	(99,653)	(55,120)
Share of loss of equity-accounted investee, net of tax	24,327	45,239
Unrealised foreign exchange differences	(84,825)	(60,634)
<i>Operating profit before working capital changes</i>	<u>6,860,026</u>	<u>5,637,498</u>
Changes in working capital:		
Inventories	339,282	(775,260)
Trade and other receivables	(2,212,467)	1,657,795
Trade and other payables	2,064,242	741,899
<i>Cash generated from operations</i>	<u>7,051,083</u>	<u>7,261,932</u>
Income tax paid	(1,063,642)	(17,354)
<b>Net cash generated from operating activities</b>	<u>5,987,441</u>	<u>7,244,578</u>
<b>Cash flows from investing activities</b>		
Interest received	99,653	55,120
Investment in unit trust	(40,704)	-
Proceeds from disposal of plant and equipment	44,000	31,215
Purchase of property, plant and equipment	(4,153,418)	(1,370,769)
<b>Net cash used in investing activities</b>	<u>(4,050,469)</u>	<u>(1,284,434)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(36,973)	(48,491)
Proceeds from issuance of share	412,146	-
Repayment of borrowings	(238,467)	(226,950)
<b>Net cash generated from/(used in) financing activities</b>	<u>136,706</u>	<u>(275,441)</u>
<b>Net increase in cash and cash equivalents</b>	2,073,678	5,684,703
<b>Effect of changes in foreign exchange rate</b>	212,939	20,560
<b>Cash and cash equivalents at beginning of period</b>	<u>36,146,284</u>	<u>25,613,812</u>
<b>Cash and cash equivalents at end of period</b>	<u>38,432,901</u>	<u>31,319,075</u>

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

	<b>As at</b>	<b>As at</b>
	<b>31.3.2014</b>	<b>31.3.2013</b>
	<b>RM</b>	<b>RM</b>
Deposits placed with licensed banks	5,149,572	1,468,431
Cash and bank balances	33,283,329	29,850,644
	<u>38,432,901</u>	<u>31,319,075</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**1 Accounting policies and basis of preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the audited financial statements for 31 December 2013 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited financial statements for 31 December 2013 except as described below:

As of 1 January 2014, the Group has adopted the following new and revised MFRSs, amendments and IC interpretations (collectively referred to as "pronouncements") which are effective for annual periods beginning on or after 1 January 2014.

Amendment to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendment to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendment to MFRS 127	Separate Financial Statements: Investment Entities
Amendment to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The application of the above pronouncements did not have any material impact on the financial statements of the Group.

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**(Incorporated in Malaysia)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**2 Qualification of financial statements**

The financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013 were not qualified.

**3 Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

**4 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.

**5 Changes in estimates**

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

**6 Debt and equity securities**

During the current quarter under review, the Company issued 294,390 new ordinary shares through Warrant Conversion.

Except for the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities by the Company during the current quarter under review.

**7 Dividend proposed, declared and paid**

An interim single tier dividend of 1.8 sen per ordinary share and a special single tier dividend of 3.6 sen per ordinary share totaling RM6,495,897 in respect of the financial year ending 31 December 2014 has been paid on 15 April 2014.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**8 Segmental information**

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

Business segmental information therefore has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, depreciation and amortisation, and non-cash expenses are mainly confined to one business segment.

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 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	15,175	12,972	15,175	12,972
Rest of Asia	4,550	2,149	4,550	2,149
Europe	2,546	2,030	2,546	2,030
North America	10,301	8,180	10,301	8,180
Oceania	1,719	3,009	1,719	3,009
Africa	79	-	79	-
Consolidated	<u>34,370</u>	<u>28,340</u>	<u>34,370</u>	<u>28,340</u>

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

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

**10 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.

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**11 Changes in the composition of the Group**

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

**12 Capital commitments**

The capital commitments of the Group as at 31 March 2014 is as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>18,525</u>

**13 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 Mar 2014 RM'000	As at 31 Dec 2013 RM'000
- Realised	99,688	98,164
- Unrealised	<u>(4,650)</u>	<u>(2,346)</u>
	95,038	95,818
Total share of post acquisition reserve of jointly controlled entity - realised	<u>(24)</u>	<u>(186)</u>
	95,014	95,632
Consolidation adjustments	<u>(24,830)</u>	<u>(23,130)</u>
Total Group retained profits as per consolidated accounts	<u>70,184</u>	<u>72,502</u>



**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**14 Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31 March 2014 are as follows:

	Current Quarter Ended 31 Mar 2014 RM'000	Year-to-date Ended 31 Mar 2014 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	568	568
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	180	180
-Purchases	198	198
Transaction with a company in which the daughters of Gan Thiam Chai and Kwan Sok Kay, the son of Gan Thiam Hock and the spouse of Timothy Tan Heng Han, Directors of the Company have interests:		
Food Valley Sdn Bhd		
-Purchases	2,443	2,443
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest.		
Shana Foods Limited		
-Sales	1,775	1,775
Rubicon Food Products Limited		
-Sales	1,316	1,316

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.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**15 Review of performance**

For the current quarter ended 31 March 2014, the Group recorded a higher revenue of RM34 million against RM28 million in the corresponding quarter ended 31 March 2013, an increase was due to higher sales registered from all regions except Oceania.

Profit after taxation for the Group increased by 33.5% or RM1 million compared to the corresponding quarter ended 31 March 2013, mainly led by the strong consumer demand for the Group products and favourable RM/USD exchange rate in the current quarter.

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

The Group recorded a higher turnover of RM34 million for the current quarter under review compared to the immediate preceding quarter of RM32 million.

The profit before tax increased slightly by RM0.15 million compared to the immediate preceding quarter of RM5.3 million. The advertisement and promotion expenses had decreased, but these savings were offsetted by the loss on exchange rate in the current quarter.

**17 Commentary on the prospect**

The outlook for the global economy is uncertain due to the conditions in both United States and Europe. The continued volatility in USD/RM exchange rates will impact both revenue and profits.

The group will monitor these development and will continue to strengthen its efforts to improve overall efficiencies.

The Board expects the performance of the group to remain profitable.

**18 Variance of actual and profit forecast**

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**19 Profit before tax**

The following have been included in arriving at profit before tax:

	3 months ended 31 Mar 2014 RM'000	3 months ended 31 Mar 2013 RM'000	Year-to-date ended 31 Mar 2014 RM'000	Year-to-date ended 31 Mar 2013 RM'000
Interest income	(100)	(55)	(100)	(55)
Other income	(107)	(100)	(107)	(100)
Interest expense	37	48	37	48
Depreciation and amortisation	1,555	1,520	1,555	1,520
Foreign exchange loss/(gain)	294	(190)	294	(190)
(Gain)/loss on disposal of property, plant and equipment	(17)	7	(17)	7
Provision for and write-off of receivables	-	(4)	-	(4)

**20 Taxation**

	Current Quarter Ended 31 Mar 2014 RM'000	Year-to-date Ended 31 Mar 2014 RM'000
Tax expense		
-Current year	1,364	1,364
Deferred tax expense		
-origination and reversal of temporary differences	(107)	(107)
Total	<u>1,257</u>	<u>1,257</u>

The effective tax rate of the Group for the financial period under review is lower than the statutory tax rate. These are mainly due to availability of reinvestment allowances and lower tax rate in an oversea subsidiary.

**21 Corporate Proposals**

There was no corporate proposal announced but not completed as at date of this report.

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

**22 Borrowings (secured)**

	As at 31 Mar 2014 RM'000	As at 31 Dec 2013 RM'000
Short term borrowings:		
Term loans	984	972
Long term borrowings:		
Term loans	1,844	2,094

The borrowings are denominated in Malaysia Ringgit

**23 Material litigation**

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

KG Pastry Marketing Sdn Bhd ("KGPM"), a wholly-owned subsidiary of the company, had on 26 November 2013 received a writ and statement of claim from I-Mei (Malaysia) Sdn Bhd ("I-Mei"). I-Mei claimed that it was appointed as a sole distribution agent for the Northern Region by KGPM in 1994 and alleged that KGPM breached the terms of appointment by utilising another distribution agent in the region. I-Mei further claimed that KGPM had wrongfully realigned the territory serviced by I-Mei and the sole distribution agency was terminated illegally.

I-Mei claims against KGPM for damages of RM1,037,793.92.

The trial of the matter has been fixed for 13, 14 and 15 August 2014.

**24 Dividend**

An interim single tier dividend of 1.8 sen per ordinary share and a special single tier dividend of 3.6 sen per ordinary share totaling RM6,495,897 in respect of the financial year ending 31 December 2014 has been paid on 15 April 2014.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2014**

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

a) Basic earning per share

	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013	Year-to-date ended 31 Mar 2014	Year-to-date ended 31 Mar 2013
Profit attributable to equity holders of the parent (RM'000)	4,178	3,143	4,178	3,143
Weighted average number of ordinary shares in issue (units)	120,104,723	120,000,000	120,104,723	120,000,000
Basic earning per share (sen)	3.48	2.62	3.48	2.62

b) Diluted earning per share

	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013	Year-to-date ended 31 Mar 2014	Year-to-date ended 31 Mar 2013
Profit attributable to equity holders of the parent (RM'000)	4,178	3,143	4,178	3,143
Weighted average number of ordinary shares in issue (units)	120,104,723	120,000,000	120,104,723	120,000,000
Effect of dilution under warrant conversion	12,391,730	-	12,391,730	-
	132,496,453	120,000,000	132,496,453	120,000,000
Diluted earning per share (sen)	3.15	2.62	3.15	2.62

By Order of the Board

Gan Thiam Chai  
 Executive Chairman  
 Date: 29 May 2014