

*Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income*  
*For the Nine Months Ended 30 September 2014 - Unaudited*

	3 months ended		9 months ended	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM	RM	RM	RM
<b>Revenue</b>	38,226,140	33,677,146	113,345,705	94,398,809
Cost of sales	(22,352,529)	(20,517,418)	(65,498,423)	(56,799,114)
<b>Gross profit</b>	15,873,611	13,159,728	47,847,282	37,599,695
Other income	152,763	169,823	520,586	473,458
Selling & distribution expenses	(6,218,352)	(6,061,843)	(18,218,900)	(16,130,642)
Administrative expenses	(2,556,726)	(1,510,871)	(10,003,018)	(6,182,944)
Finance costs	(89,571)	(118,529)	(311,320)	(339,307)
Share of loss of equity-accounted investees, net of tax	7,161,725	5,638,308	19,834,630	15,420,260
	(36,240)	(17,660)	(101,975)	(74,966)
<b>Profit before tax</b>	7,125,485	5,620,648	19,732,655	15,345,294
Income tax expense	(1,350,616)	(1,347,854)	(4,363,794)	(3,631,948)
<b>Profit for the period</b>	5,774,869	4,272,794	15,368,861	11,713,346
<b>Other comprehensive profit, net of tax</b>				
Exchange differences on translation of foreign operations	1,007,826	1,101,880	(233,182)	2,503,899
<b>Other comprehensive profit, net of tax</b>	1,007,826	1,101,880	(233,182)	2,503,899
<b>Total comprehensive income for the period</b>	6,782,695	5,374,674	15,135,679	14,217,245
<b>Profit attributable to:</b>				
Owners of the company	5,771,620	4,278,325	15,349,737	11,699,848
Non-controlling interest	3,249	(5,531)	19,124	13,498
<b>Profit for the period</b>	5,774,869	4,272,794	15,368,861	11,713,346
<b>Total comprehensive income attributable to:</b>				
Owners of the company	6,779,446	5,380,205	15,116,555	14,203,747
Non-controlling interest	3,249	(5,531)	19,124	13,498
<b>Total comprehensive income for the period</b>	6,782,695	5,374,674	15,135,679	14,217,245
<b>Earning per share</b>				
Basic (Sen)	4.75	3.57	12.63	9.75
Diluted (Sen)	4.13	3.57	10.97	9.75

The Condensed Consolidated Statements of Profit or Loss and 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 30 September 2014 - Unaudited*

	<b>unaudited</b>	<b>audited</b>
	<b>30.9.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Property, plant and equipment	90,096,665	78,103,997
Investment properties	2,630,418	2,675,400
Prepaid lease payments	2,897,536	2,986,503
Deferred tax assets	438,735	1,598,287
<b>Total non-current assets</b>	<u>96,063,354</u>	<u>85,364,187</u>
Other investments, including derivatives	2,534,131	5,354,783
Inventories	11,054,963	8,545,097
Trade, other receivables and prepayments	29,952,262	24,234,556
Cash and cash equivalents	41,499,973	36,146,284
<b>Total current assets</b>	<u>85,041,329</u>	<u>74,280,720</u>
<b>Total assets</b>	<u><u>181,104,683</u></u>	<u><u>159,644,907</u></u>
<b>Equity</b>		
Share capital	60,770,370	60,000,000
Share premium	1,386,666	-
Reserves	84,459,183	75,838,529
<b>Total equity attributable to owners of the company</b>	<u>146,616,219</u>	<u>135,838,529</u>
<b>Non-controlling interest</b>	<u>(7,076)</u>	<u>(26,200)</u>
<b>Total equity</b>	<u><u>146,609,143</u></u>	<u><u>135,812,329</u></u>
<b>Liabilities</b>		
Loans and borrowings	6,102,193	2,094,041
Deferred tax liabilities	1,860,046	3,054,466
<b>Total non-current liabilities</b>	<u>7,962,239</u>	<u>5,148,507</u>
Loan and borrowings	1,012,860	971,968
Trade and other payables	22,973,694	16,770,992
Current tax liabilities	2,546,747	941,111
<b>Total current liabilities</b>	<u>26,533,301</u>	<u>18,684,071</u>
<b>Total liabilities</b>	<u>34,495,540</u>	<u>23,832,578</u>
<b>Total equity and liabilities</b>	<u><u>181,104,683</u></u>	<u><u>159,644,907</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>1.21</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 Nine Months Ended 30 September 2014 - Unaudited**

	<-----Attributable to owners of the Company----->						
	<----Non-distributable---->			Distributable		Non-	Total
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Total RM	Controlling Interest RM	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>	<u>60,000,000</u>	<u>-</u>	<u>3,336,383</u>	<u>72,502,146</u>	<u>135,838,529</u>	<u>(26,200)</u>	<u>135,812,329</u>
Total other comprehensive income for the period							
-Foreign currency translation differences for foreign operations	-	-	(233,186)	-	(233,186)	-	(233,186)
Profit for the period	-	-	-	15,349,737	15,349,737	19,124	15,368,861
Total comprehensive income for the period	-	-	(233,186)	15,349,737	15,116,551	19,124	15,135,675
Issuance of shares pursuant to: warrant conversion	770,370	1,386,666	-	-	2,157,036	-	2,157,036
Dividends to owners of the Company	-	-	-	(6,495,897)	(6,495,897)	-	(6,495,897)
<b>At 30 September 2014</b>	<u>60,770,370</u>	<u>1,386,666</u>	<u>3,103,197</u>	<u>81,355,986</u>	<u>146,616,219</u>	<u>(7,076)</u>	<u>146,609,143</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

*Condensed Consolidated Statement of Cash Flows*  
*For the Nine Months Ended 30 September 2014 - Unaudited*

	<b>9 months ended</b>	
	<b>30.9.2014</b>	<b>30.9.2013</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	19,732,655	15,345,294
Adjustments for:		
Depreciation and amortisation	4,662,018	4,589,715
(Gain)/loss on disposal of plant and equipment	(13,272)	(97,377)
Interest expense	103,255	136,953
Interest income	(186,227)	(181,542)
Share of loss of equity-accounted investee, net of tax	101,975	74,966
Unrealised foreign exchange differences	(272,432)	(267,627)
<i>Operating profit before working capital changes</i>	<u>24,127,972</u>	<u>19,600,382</u>
Changes in working capital:		
Inventories	(2,509,866)	(1,570,455)
Trade and other receivables	(5,800,277)	(2,887,872)
Trade and other payables	6,285,272	828,404
<i>Cash generated from operations</i>	<u>22,103,101</u>	<u>15,970,459</u>
Income tax paid	(2,815,352)	(2,607,023)
Income tax refund	1,003	933,022
<b>Net cash generated from operating activities</b>	<u>19,287,749</u>	<u>14,296,458</u>
<b>Cash flows from investing activities</b>		
Interest received	186,227	181,542
Investment in quoted share	(2,035,600)	-
Changes in investment in unit trust	4,948,652	(1,700,000)
Proceeds from disposal of plant and equipment	75,086	191,831
Purchase of property, plant and equipment	(16,968,325)	(3,775,658)
<b>Net cash used in investing activities</b>	<u>(13,793,960)</u>	<u>(5,102,285)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(6,495,897)	(2,160,000)
Interest paid	(103,255)	(136,953)
Proceeds from issuance of share	2,157,036	-
Proceeds/(repayment) of borrowings	4,049,040	(689,369)
<b>Net cash used in financing activities</b>	<u>(393,076)</u>	<u>(2,986,322)</u>
<b>Net increase in cash and cash equivalents</b>	5,100,713	6,207,851
<b>Effect of changes in foreign exchange rate</b>	252,976	631,242
<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>41,499,973</u>	<u>32,452,905</u>

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

	<b>As at</b>	<b>As at</b>
	<b>30.9.2014</b>	<b>30.9.2013</b>
	<b>RM</b>	<b>RM</b>
Deposits placed with licensed banks	1,951,016	3,892,336
Cash and bank balances	39,548,957	28,560,569
	<u>41,499,973</u>	<u>32,452,905</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 30 SEPTEMBER 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.

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 751,350 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 30 SEPTEMBER 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	
	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	16,128	16,226	46,862	42,046
Rest of Asia	5,247	3,686	15,889	13,113
Europe	3,873	1,918	10,514	8,327
North America	10,472	9,922	33,455	25,215
Oceania	2,427	1,836	6,292	5,371
Africa	79	89	334	327
Consolidated	<u>38,226</u>	<u>33,677</u>	<u>113,346</u>	<u>94,399</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 30 SEPTEMBER 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 30 September 2014 is as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>84,616</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 30 Sep 2014 RM'000	As at 31 Dec 2013 RM'000
- Realised	116,585	98,164
- Unrealised	<u>(7,343)</u>	<u>(2,346)</u>
	109,242	95,818
Total share of post acquisition reserve of jointly controlled entity - realised	<u>(102)</u>	<u>(186)</u>
	109,140	95,632
Consolidation adjustments	<u>(27,784)</u>	<u>(23,130)</u>
Total Group retained profits as per consolidated accounts	<u>81,356</u>	<u>72,502</u>



**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**14 Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 30 September 2014 are as follows:

	Current Quarter Ended 30 Sep 2014 RM'000	Year-to-date Ended 30 Sep 2014 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	547	1,678
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	253	611
-Purchases	162	593
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	2,621	8,128
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest.		
Shana Foods Limited		
-Sales	3,032	7,012
Rubicon Food Products Limited		
-Sales	1,688	4,491

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 30 SEPTEMBER 2014**

**15 Review of performance**

For the current quarter ended 30 September 2014, the Group recorded a higher revenue of RM38.2 million against RM33.7 million in the corresponding quarter ended 30 September 2013, an increase was due to higher sales registered from Europe, North America, Oceania and Asia regions.

On a year-to-date basis, the Group recorded revenue of RM113.3 million, an increase of 20% compared to last year RM94.4 million. The increase was due to higher sales registered from all regions.

Profit after taxation for the Group increased by 34.9% or RM1.5 million compared to the corresponding quarter ended 30 September 2013, mainly led by the strong consumer demand for the Group products in the current quarter.

On a year-to-date basis, the Group recorded profit after tax of RM15.4 million compared to RM11.7 million in the previous year. The increase of 31.2% or RM3.7 million were mainly led by higher sales registered and favourable RM/USD exchange rate in the current year.

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

The Group recorded a lower turnover of RM38.2 million for the current quarter under review compared to the immediate preceding quarter of RM40.7 million.

The profit before tax drop slightly by RM36,347 compared to the immediate preceding quarter. The impact of the lower turnover in the current quarter was offset by the higher foreign currency exchange gain 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 30 SEPTEMBER 2014**

**19 Profit before tax**

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

	3 months ended 30 Sep 2014 RM'000	3 months ended 30 Sep 2013 RM'000	Year-to-date ended 30 Sep 2014 RM'000	Year-to-date ended 30 Sep 2013 RM'000
Interest income	(35)	(74)	(186)	(182)
Other income	(119)	(95)	(335)	(291)
Interest expense	32	43	103	137
Depreciation and amortisation	1,568	1,539	4,662	4,590
Foreign exchange gain	(882)	(778)	(7)	(1,580)
Loss/(gain) on disposal of property, plant and equipment	84	-	(13)	(97)

**20 Taxation**

	Current Quarter Ended 30 Sep 2014 RM'000	Year-to-date Ended 30 Sep 2014 RM'000
Tax expense		
-Current year	1,179	4,527
Deferred tax expense		
-origination and reversal of temporary differences	172	(163)
Total	<u>1,351</u>	<u>4,364</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.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**22 Other investments, including derivatives**

	As at 30 Sep 2014 RM'000	As at 31 Dec 2013 RM'000
<b>Current</b>		
Financial asset at fair value through profit or loss		
-Held for trading : Unit trusts (Quoted)	406,131	5,354,783
-Held for trading : Share (Quoted)	2,128,000	-
	<u>2,534,131</u>	<u>5,354,783</u>
Market value of quoted investments	<u>2,534,131</u>	<u>5,354,783</u>

**23 Borrowings (secured)**

	As at 30 Sep 2014 RM'000	As at 31 Dec 2013 RM'000
Short term borrowings:		
Term loans 1	<u>1,013</u>	<u>972</u>
Long term borrowings:		
Term loans 1	1,329	2,094
Term loans 2	4,773	-
	<u>6,102</u>	<u>2,094</u>
Total	<u>7,115</u>	<u>3,066</u>

The borrowings are denominated in Malaysia Ringgit

**24 Material litigation**

As as the date of this report, there were no material litigation against the Group.

For the court case with I Mei Sdn Bhd ("I Mei"), the learned Judge has dismissed the I Mei's claim with costs, and also dismissed KG Pastry Marketing Sdn Bhd's counter-claim with costs. As both parties were awarded costs, no sum was fixed by the Court.

**25 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.

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

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

a) Basic earning per share

	3 months ended 30 Sep 2014	3 months ended 30 Sep 2013	Year-to-date ended 30 Sep 2014	Year-to-date ended 30 Sep 2013
Profit attributable to equity holders of the parent (RM'000)	5,772	4,278	15,350	11,700
Weighted average number of ordinary shares in issue (units)	121,540,740	120,000,000	121,540,740	120,000,000
Basic earning per share (sen)	4.75	3.57	12.63	9.75

b) Diluted earning per share

	3 months ended 30 Sep 2014	3 months ended 30 Sep 2013	Year-to-date ended 30 Sep 2014	Year-to-date ended 30 Sep 2013
holders of the parent (RM'000)	5,772	4,278	15,350	11,700
Weighted average number of ordinary shares in issue (units)	121,540,740	120,000,000	121,540,740	120,000,000
Effect of dilution under warrant conversion	18,361,999	-	18,361,999	-
	139,902,739	120,000,000	139,902,739	120,000,000
Diluted earning per share (sen)	4.13	3.57	10.97	9.75

By Order of the Board

Gan Thiam Chai  
 Executive Chairman  
 Date: 24 November 2014