

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Twelve Months Ended 31 December 2014 - Unaudited

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
Revenue	36,178,602	32,027,563	149,524,307	126,426,372
Cost of sales	(20,302,098)	(18,340,275)	(85,800,521)	(75,139,390)
Gross profit	15,876,504	13,687,288	63,723,786	51,286,982
Other income	235,905	197,320	756,491	670,778
Selling & distribution expenses	(9,069,933)	(6,479,022)	(27,288,833)	(22,609,663)
Administrative expenses	(430,464)	(1,895,431)	(10,433,482)	(8,078,369)
Finance costs	(95,705)	(98,598)	(407,025)	(437,904)
Share of loss of equity-accounted investees, net of tax	(26,239)	(111,572)	(128,214)	(186,538)
Profit before tax	6,490,068	5,299,985	26,222,723	20,645,286
Income tax expense	(984,396)	(851,957)	(5,348,154)	(4,483,906)
Profit for the period	5,505,672	4,448,028	20,874,569	16,161,380
Other comprehensive profit, net of tax				
Exchange differences on translation of foreign operations	2,236,903	510,584	2,003,721	3,014,487
Other comprehensive profit, net of tax	2,236,903	510,584	2,003,721	3,014,487
Total comprehensive income for the period	7,742,575	4,958,612	22,878,290	19,175,867
Profit attributable to:				
Owners of the company	5,503,756	4,475,788	20,853,529	16,175,642
Non-controlling interest	1,916	(27,760)	21,040	(14,262)
Profit for the period	5,505,672	4,448,028	20,874,569	16,161,380
Total comprehensive income attributable to:				
Owners of the company	7,740,659	4,986,372	22,857,250	19,190,129
Non-controlling interest	1,916	(27,760)	21,040	(14,262)
Total comprehensive income for the period	7,742,575	4,958,612	22,878,290	19,175,867
Earning per share				
Basic (Sen)	4.37	3.73	16.55	13.48
Diluted (Sen)	3.54	3.73	13.42	13.48

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 31 December 2014 - Unaudited

	unaudited	audited
	31.12.2014	31.12.2013
	RM	RM
Assets		
Property, plant and equipment	95,643,426	78,103,997
Investment properties	2,644,323	2,675,400
Prepaid lease payments	3,037,268	2,986,503
Deferred tax assets	185,822	1,598,287
Total non-current assets	<u>101,510,839</u>	<u>85,364,187</u>
Other investments, including derivatives	6,641,147	5,354,783
Inventories	12,349,674	8,545,097
Trade, other receivables and prepayments	29,037,307	24,234,556
Cash and cash equivalents	37,032,486	36,146,284
Total current assets	<u>85,060,614</u>	<u>74,280,720</u>
Total assets	<u><u>186,571,453</u></u>	<u><u>159,644,907</u></u>
Equity		
Share capital	91,174,546	60,000,000
Reserves	63,217,828	75,838,529
Total equity attributable to owners of the company	<u>154,392,374</u>	<u>135,838,529</u>
Non-controlling interest	<u>(5,160)</u>	<u>(26,200)</u>
Total equity	<u><u>154,387,214</u></u>	<u><u>135,812,329</u></u>
Liabilities		
Loans and borrowings	5,842,455	2,094,041
Deferred tax liabilities	862,754	3,054,466
Total non-current liabilities	<u>6,705,209</u>	<u>5,148,507</u>
Loan and borrowings	1,025,484	971,968
Trade and other payables	22,900,199	16,770,992
Current tax liabilities	1,553,347	941,111
Total current liabilities	<u>25,479,030</u>	<u>18,684,071</u>
Total liabilities	<u>32,184,239</u>	<u>23,832,578</u>
Total equity and liabilities	<u><u>186,571,453</u></u>	<u><u>159,644,907</u></u>
Net assets per share attributable to equity holders of the parent (RM)	<u><u>0.85</u></u>	<u><u>1.13</u></u>

The Condensed Consolidated Statement of Financial Position 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 Changes in Equity
For the Twelve Months Ended 31 December 2014 - Unaudited

	<-----Attributable to owners of the Company----->						
	<----Non-distributable---->			Distributable		Non-Controlling Interest	
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Total RM	RM	RM
At 1 January 2013	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)
At 31 December 2013/1 January 2014	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							
	-	-	2,003,721	-	2,003,721	-	2,003,721
Profit for the period	-	-	-	20,853,529	20,853,529	21,040	20,874,569
Total comprehensive income for the period	-	-	2,003,721	20,853,529	22,857,250	21,040	22,878,290
Issuance of shares pursuant to: warrant conversion	783,033	1,409,459	-	-	2,192,492	-	2,192,492
bonus issue	30,391,513	(1,409,459)	-	(28,982,054)	-	-	-
Dividends to owners of the Company	-	-	-	(6,495,897)	(6,495,897)	-	(6,495,897)
At 31 December 2014	<u>91,174,546</u>	<u>-</u>	<u>5,340,104</u>	<u>57,877,724</u>	<u>154,392,374</u>	<u>(5,160)</u>	<u>154,387,214</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 Twelve Months Ended 31 December 2014 - Unaudited

	12 months ended	
	31.12.2014	31.12.2013
	RM	RM
Cash flows from operating activities		
Profit before tax	26,222,723	20,645,286
Adjustments for:		
Depreciation and amortisation	6,262,072	6,244,898
Gain on disposal of plant and equipment	(11,072)	(110,791)
Interest expense	132,650	176,865
Interest income	(264,286)	(272,415)
Share of loss of equity-accounted investee, net of tax	128,214	186,538
Unrealised foreign exchange differences	2,199,705	(664,941)
<i>Operating profit before working capital changes</i>	<u>34,670,006</u>	<u>26,205,440</u>
Changes in working capital:		
Inventories	(3,804,577)	(2,634,008)
Trade and other receivables	(4,885,322)	(14,029)
Trade and other payables	6,211,773	1,030,264
<i>Cash generated from operations</i>	<u>32,191,880</u>	<u>24,587,667</u>
Income tax paid	(5,590,274)	(4,304,667)
Income tax refund	1,003	1,738,880
Net cash generated from operating activities	<u>26,601,606</u>	<u>22,021,880</u>
Cash flows from investing activities		
Interest received	264,286	272,415
Investment in quoted share	(2,035,600)	-
Changes in investment in unit trust	(65,564)	(3,774,173)
Proceeds from disposal of plant and equipment	92,086	207,236
Purchase of property, plant and equipment	(22,665,350)	(5,284,215)
Net cash used in investing activities	<u>(24,410,142)</u>	<u>(8,578,737)</u>
Cash flows from financing activities		
Dividend paid	(6,495,897)	(2,160,000)
Interest paid	(132,650)	(176,865)
Proceeds from issuance of share	2,192,491	-
Proceeds/(repayment) of borrowings	3,801,930	(924,897)
Net cash used in financing activities	<u>(634,126)</u>	<u>(3,261,762)</u>
Net increase in cash and cash equivalents	1,557,338	10,181,381
Effect of changes in foreign exchange rate	(671,136)	351,091
Cash and cash equivalents at beginning of period	<u>36,146,284</u>	<u>25,613,812</u>
Cash and cash equivalents at end of period	<u>37,032,486</u>	<u>36,146,284</u>

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

	As at	As at
	31.12.2014	31.12.2013
	RM	RM
Deposits placed with licensed banks	4,357,946	4,170,892
Cash and bank balances	32,674,540	31,975,392
	<u>37,032,486</u>	<u>36,146,284</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 DECEMBER 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 31 DECEMBER 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 25,325 and 60,783,026 new ordinary shares through Warrant Conversion and Bonus Issue respectively.

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 DECEMBER 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 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	15,725	15,317	62,587	57,363
Rest of Asia	5,310	5,609	21,199	18,722
Europe	2,871	2,047	13,385	10,374
North America	9,809	7,557	43,264	32,772
Oceania	2,321	1,497	8,613	6,868
Africa	142	-	476	327
Consolidated	<u>36,178</u>	<u>32,027</u>	<u>149,524</u>	<u>126,426</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 DECEMBER 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 December 2014 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>86,612</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 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
- Realised	82,905	98,164
- Unrealised	<u>(1,506)</u>	<u>(2,346)</u>
	81,399	95,818
Total share of post acquisition reserve of jointly controlled entity - realised	<u>(325)</u>	<u>(186)</u>
	81,074	95,632
Consolidation adjustments	<u>(23,196)</u>	<u>(23,130)</u>
Total Group retained profits as per consolidated accounts	<u>57,878</u>	<u>72,502</u>

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

14 Related party transactions

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

	Current Quarter Ended 31 Dec 2014 RM'000	Year-to-date Ended 31 Dec 2014 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	683	2,361
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	221	832
-Purchases	266	859
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	1,940	10,068
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest.		
Shana Foods Limited		
-Sales	2,203	9,215
Rubicon Food Products Limited		
-Sales	426	4,917
Transactions with a company in which Timonthy Tan Heng Han, a Director of the Company has interests:		
Eat Meee Solutions Sdn Bhd		
-Sales	8	8

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.

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

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

15 Review of performance

For the current quarter ended 31 December 2014, the Group recorded a higher revenue of RM36.1 million against RM32 million in the corresponding quarter ended 31 December 2013, an increase was due to higher sales registered from all regions except Asia - excluded Malaysia.

On a year-to-date basis, the Group recorded revenue of RM149.5 million, an increase of 18% compared to last year RM126.4 million. The increase was due to higher sales registered from all regions.

Profit after taxation for the Group increased by 23.8% or RM1 million compared to the corresponding quarter ended 31 December 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 RM20.9 million compared to RM16.1 million in the previous year. The increase of 29.8% or RM4.8 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 RM36.1 million for the current quarter under review compared to the immediate preceding quarter of RM38.2 million.

The profit before tax drop by RM0.6 million 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 developments 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 DECEMBER 2014

19 Profit before tax

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

	3 months ended 31 Dec 2014 RM'000	3 months ended 31 Dec 2013 RM'000	Year-to-date ended 31 Dec 2014 RM'000	Year-to-date ended 31 Dec 2013 RM'000
Interest income	(78)	(90)	(264)	(272)
Other income	(157)	(108)	(492)	(399)
Interest expense	29	40	132	177
Depreciation and amortisation	1,600	1,550	6,262	6,245
Foreign exchange gain	(1,967)	(355)	(1,974)	(1,935)
Loss/(gain) on disposal of property, plant and equipment	2	(14)	(11)	(111)

20 Taxation

	Current Quarter Ended 31 Dec 2014 RM'000	Year-to-date Ended 31 Dec 2014 RM'000
Tax expense		
-Current year	1,600	6,127
Deferred tax expense		
-origination and reversal of temporary differences	(616)	(779)
Total	<u>984</u>	<u>5,348</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.

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

21 Corporate Proposals

On 24 September 2014, the Company had made an announcement that a bonus issue of up to 90,000,000 bonus shares on the basis of one (1) bonus share for every two (2) existing Kawan shares held on a date to be determined later. The bonus issue was passed in an Extraordinary General Meeting held on 24 November 2014.

On 23 December 2014, 60,783,026 bonus shares consequential to the bonus issue were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Pursuant to the bonus issue exercise, the exercise price of the outstanding warrants in Kawan constituted by the deed poll dated 12 July 2011 and supplemental deed poll dated 8 December 2014 was revised from RM1.40 to RM0.93 while the additional 29,216,659 warrants were listed and quoted on 23 December 2014 on the Main Market of Bursa Malaysia Securities Berhad.

22 Other investments, including derivatives

	As at 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
Current		
Financial asset at fair value through profit or loss		
-Held for trading : Unit trusts (Quoted)	5,420	5,355
-Held for trading : Share (Quoted)	1,221	-
	<u>6,641</u>	<u>5,355</u>
Market value of quoted investments	<u>6,641</u>	<u>5,355</u>

23 Borrowings (secured)

	As at 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
Short term borrowings:		
Term loans 1	<u>1,025</u>	<u>972</u>
Long term borrowings:		
Term loans 1	1,069	2,094
Term loans 2	4,773	-
	<u>5,842</u>	<u>2,094</u>
Total	<u>6,867</u>	<u>3,066</u>

The borrowings are denominated in Malaysia Ringgit

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

24 Material litigation

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

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.

26 Earning per share ("EPS")

a) Basic earning per share

	3 months ended 31 Dec 2014	3 months ended 31 Dec 2013	Year-to-date ended 31 Dec 2014	Year-to-date ended 31 Dec 2013
Profit attributable to equity holders of the parent (RM'000)	5,504	4,476	20,854	16,176
Weighted average number of ordinary shares in issue (units)	125,996,398	120,000,000	125,996,398	120,000,000
Basic earning per share (sen)	4.37	3.73	16.55	13.48

b) Diluted earning per share

	3 months ended 31 Dec 2014	3 months ended 31 Dec 2013	Year-to-date ended 31 Dec 2014	Year-to-date ended 31 Dec 2013
Profit attributable to equity holders of the parent (RM'000)	5,504	4,476	20,854	16,176
Weighted average number of ordinary shares in issue (units)	125,996,398	120,000,000	125,996,398	120,000,000
Effect of dilution under warrant conversion	29,425,557	-	29,425,557	-
	155,421,955	120,000,000	155,421,955	120,000,000
Diluted earning per share (sen)	3.54	3.73	13.42	13.48

By Order of the Board
 Nareshchandra Gordhandas Nagrecha
 Director
 Date: 26 February 2015