

Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
For the Nine Months Ended 30 September 2015 - Unaudited

	3 months ended		9 months ended	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM	RM	RM	RM
Revenue	43,208,529	38,226,140	124,841,242	113,345,705
Cost of sales	(22,275,108)	(22,352,529)	(67,418,188)	(65,498,423)
Gross profit	20,933,421	15,873,611	57,423,054	47,847,282
Other income	4,798,735	1,035,496	7,184,157	527,975
Selling & distribution expenses	(7,734,540)	(6,218,352)	(22,974,584)	(18,218,900)
Administrative expenses	(2,977,323)	(3,439,459)	(9,004,529)	(10,010,407)
Finance costs	(101,305)	(89,571)	(272,174)	(311,320)
	14,918,988	7,161,725	32,355,924	19,834,630
Share of loss of equity-accounted investees, net of tax	-	(36,240)	-	(101,975)
Profit before tax	14,918,988	7,125,485	32,355,924	19,732,655
Income tax expense	(2,561,850)	(1,350,616)	(7,177,909)	(4,363,794)
Profit for the period	12,357,138	5,774,869	25,178,015	15,368,861
Other comprehensive profit, net of tax				
Exchange differences on translation of foreign operations	7,233,671	1,007,826	10,502,022	(233,182)
Other comprehensive profit, net of tax	7,233,671	1,007,826	10,502,022	(233,182)
Total comprehensive income for the period	19,590,809	6,782,695	35,680,037	15,135,679
Profit attributable to:				
Owners of the company	12,261,449	5,771,620	25,085,033	15,349,737
Non-controlling interest	95,689	3,249	92,982	19,124
Profit for the period	12,357,138	5,774,869	25,178,015	15,368,861
Total comprehensive income attributable to:				
Owners of the company	19,495,120	6,779,446	35,587,055	15,116,555
Non-controlling interest	95,689	3,249	92,982	19,124
Total comprehensive income for the period	19,590,809	6,782,695	35,680,037	15,135,679
Earning per share		restated		restated
Basic (Sen)	6.39	3.18	13.07	8.46
Diluted (Sen)	5.37	2.89	10.98	7.68

The Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Financial Position
As at 30 September 2015 - Unaudited

	unaudited 30.9.2015 RM	audited 31.12.2014 RM
ASSETS		
Non-current assets		
Property, plant and equipment	142,059,831	95,338,732
Investment properties	2,721,796	2,644,330
Prepaid lease payments	3,663,400	3,037,268
Deferred tax assets	33,093	26,947
	<u>148,478,120</u>	<u>101,047,277</u>
Current assets		
Other investments	1,510,585	6,641,147
Inventories	10,411,597	12,349,674
Current tax assets	-	22,763
Trade and other receivables	49,313,027	29,297,003
Prepayments	302,249	135,096
Cash and cash equivalents	39,425,005	37,032,486
	<u>100,962,463</u>	<u>85,478,169</u>
Total assets	<u><u>249,440,583</u></u>	<u><u>186,525,446</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,838,433	91,174,546
Reserves	104,350,912	63,250,051
Equity attributable to owners of the Company	<u>206,189,345</u>	<u>154,424,597</u>
Non-controlling interests	<u>87,822</u>	<u>(5,160)</u>
Total equity	<u><u>206,277,167</u></u>	<u><u>154,419,437</u></u>
Liabilities		
Non-current liabilities		
Loans and borrowings	5,045,940	5,842,455
Deferred tax liabilities	948,239	862,754
	<u>5,994,179</u>	<u>6,705,209</u>
Current liabilities		
Loan and borrowings	1,061,541	1,025,484
Trade and other payables	30,258,317	22,925,489
Current tax liabilities	5,849,379	1,449,827
	<u>37,169,237</u>	<u>25,400,800</u>
Total liabilities	<u><u>43,163,416</u></u>	<u><u>32,106,009</u></u>
Total equity and liabilities	<u><u>249,440,583</u></u>	<u><u>186,525,446</u></u>
Net assets per share attributable to equity holders of the parent (RM)	<u><u>1.01</u></u>	<u><u>0.85</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 2014 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 2015 - Unaudited

	<-----Attributable to owners of the Company----->						
	<----Non-distributable---->			Distributable		Non-Controlling	
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Total RM	Interest RM	RM
At 1 January 2014	60,000,000	-	3,336,383	72,502,146	135,838,529	(26,200)	135,812,329
Net profit for the financial year	-	-	-	20,908,134	20,908,134	21,040	20,929,174
Other comprehensive income for the financial year	-	-	1,981,340	-	1,981,340	-	1,981,340
Total comprehensive income for the financial year	-	-	1,981,340	20,908,134	22,889,474	21,040	22,910,514
Contributions by and distributions to owners							
-issuance of shares pursuant to warrant conversion	783,033	1,409,458	-	-	2,192,491	-	2,192,491
-bonus issue	30,391,513	(1,409,458)	-	(28,982,055)	-	-	-
-dividends to owners of the Company	-	-	-	(6,495,897)	(6,495,897)	-	(6,495,897)
At 31 December 2014/1 January 2015	91,174,546	-	5,317,723	57,932,328	154,424,597	(5,160)	154,419,437
Net profit for the period	-	-	-	25,085,033	25,085,033	92,982	25,178,015
Other comprehensive income for the period	-	-	10,502,022	-	10,502,022	-	10,502,022
Total comprehensive income for the period	-	-	10,502,022	25,085,033	35,587,055	92,982	35,680,037
Contributions by and distributions to owners							
-issuance of shares pursuant to warrant conversion	10,663,887	9,170,943	-	-	19,834,830	-	19,834,830
-dividends to owners of the Company	-	-	-	(3,657,137)	(3,657,137)	-	(3,657,137)
At 30 September 2015	101,838,433	9,170,943	15,819,745	79,360,224	206,189,345	87,822	206,277,167

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the Nine Months Ended 30 September 2015 - Unaudited

	9 months ended	
	30.9.2015	30.9.2014
	RM	RM
Cash flows from operating activities		
Profit before tax	32,355,924	19,732,655
Adjustments for:		
Depreciation and amortisation	4,964,172	4,662,018
Gain on disposal of plant and equipment	(10,503)	(13,272)
Interest expense	69,053	103,255
Interest income	(267,437)	(186,227)
Share of loss of equity-accounted investee, net of tax	-	101,975
Unrealised foreign exchange differences	5,290,880	(272,432)
Net impairment loss on financial assets	179,200	-
<i>Operating profit before working capital changes</i>	<u>42,581,289</u>	<u>24,127,972</u>
Changes in working capital:		
Inventories	1,938,077	(2,509,866)
Trade and other receivables	(20,577,974)	(5,800,277)
Trade and other payables	7,458,122	6,285,272
<i>Cash generated from operations</i>	<u>31,399,514</u>	<u>22,103,101</u>
Income tax paid	(3,318,258)	(2,815,352)
Income tax refund	631,605	-
Net cash generated from operating activities	<u>28,712,861</u>	<u>19,287,749</u>
Cash flows from investing activities		
Interest received	267,437	186,227
Investment in quoted share	-	(2,035,600)
Changes in investment in unit trust	4,951,362	4,948,652
Proceeds from disposal of plant and equipment	61,988	75,086
Purchase of property, plant and equipment	(45,208,586)	(16,968,325)
Net cash used in investing activities	<u>(39,927,799)</u>	<u>(13,793,960)</u>
Cash flows from financing activities		
Dividend paid	(3,657,137)	(6,495,897)
Interest paid	(69,053)	(103,255)
Proceeds from issuance of share	19,834,831	2,157,036
Repayment of borrowings	(760,459)	(723,775)
Drawdown of borrowings	-	4,772,815
Net cash generated from/(used in) financing activities	<u>15,348,182</u>	<u>(393,076)</u>
Net increase in cash and cash equivalents	4,133,244	5,100,713
Effect of changes in foreign exchange rate	(1,740,725)	252,976
Cash and cash equivalents at beginning of period	37,032,486	36,146,284
Cash and cash equivalents at end of period	<u>39,425,005</u>	<u>41,499,973</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 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 2015

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 2014. 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 2014.

The significant accounting policies and methods adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2014.

The adoption of the following improvements to published standards that came into effect on 1 January 2015 did not have any significant impact on the interim financial statements upon their initial application.

Annual Improvement to MFRSs	2010 - 2012 Cycle (effective from 1 July 2014)
Annual Improvement to MFRSs	2011 - 2012 Cycle (effective from 1 July 2014)

2 Qualification of financial statements

The financial statements of the Company and its subsidiaries for the financial year ended 31 December 2014 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 except for warrant conversion under Note 6.

5 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)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015

6 Debt and equity securities

During the current quarter under review, the Company issued 1,633,125 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 2 sen per ordinary share totalling RM3,657,137 in respect of the financial year ending 31 December 2015 has been paid on 2 April 2015.

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 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	15,188	16,128	46,537	46,862
Rest of Asia	7,198	5,247	19,248	15,889
Europe	3,072	3,873	13,018	10,514
North America	15,044	10,472	39,913	33,455
Oceania	2,706	2,427	5,904	6,292
Africa	-	79	221	334
Consolidated	43,208	38,226	124,841	113,346

9 Valuation of property, plant and equipment

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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.

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 2015 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>61,920</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 2015 RM'000	As at 31 Dec 2014 RM'000
- Realised	117,368	85,482
- Unrealised	688	(2,802)
	<u>118,056</u>	<u>82,680</u>
Total share of post acquisition reserve of jointly controlled entity - realised	<u>(100)</u>	<u>(100)</u>
	117,956	82,580
Consolidation adjustments	(38,596)	(24,648)
Total Group retained profits as per consolidated accounts	<u>79,360</u>	<u>57,932</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015

14 Related party transactions

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 30 September 2015 are as follows:

	Current Quarter Ended 30 Sep 2015 RM'000	Year-to-date Ended 30 Sep 2015 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	507	1,684
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	607
-Purchases	293	1,126
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	2,374	7,383
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest:		
Shana Foods Limited		
-Sales	2,412	9,648
Rubicon Food Products Limited		
-Sales	990	5,253
Transactions with a company in which Timonthy Tan Heng Han, a Director of the Company has interests:		
Eat Meee Solutions Sdn Bhd		
-Sales	5	17

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 30 SEPTEMBER 2015

15 Review of performance (Quarter 3, 2015 vs Quarter 3, 2014)

For the current quarter ended 30 September 2015, the Group recorded a higher revenue of RM43 million against RM38 million in the corresponding quarter ended 30 September 2014, an increase was due to higher sales registered from North America, Oceania and Asia except Malaysia.

Profit after taxation for the Group increased by 114% or RM6.6 million compared to the corresponding quarter ended 30 September 2014, mainly led by the favourable RM/USD exchange rate and favourable trends in most of the raw materials in the current quarter.

16 Review of performance (Year-to-date, 2015 vs Year-to-date, 2014)

For the nine months ended 30 September 2015, the Group recorded a higher revenue of RM125 million against RM113 million in the corresponding period last year, an increase was due to higher sales registered from North America, Europe and Asia except Malaysia.

Profit after taxation for the Group increased by 64% or RM9.8 million compared to the corresponding period last year, mainly led by the favourable RM/USD exchange rate and favourable trends in most of the raw materials in the current year.

17 Variance of quarterly results compared to preceding quarter (Quarter 3, 2015 vs Quarter 2, 2015)

The Group recorded a lower turnover of RM43 million for the current quarter under review compared to the immediate preceding quarter of RM44 million. The slight decrease was due to decrease turnover from Malaysia, Europe and Africa.

The profit before tax increased to RM14.9 million compared to the immediate preceding quarter of RM10 million. The increase mainly due to favorable RM/USD exchange rate and favourable raw materials price in the current quarter compared to the immediate preceding quarter.

18 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.

19 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 2015

20 Profit before tax

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

	3 months ended 30 Sep 2015 RM'000	3 months ended 30 Sep 2014 RM'000	Year-to-date ended 30 Sep 2015 RM'000	Year-to-date ended 30 Sep 2014 RM'000
Interest income	(103)	(35)	(267)	(186)
Other income	(160)	(119)	(410)	(335)
Interest expense	20	32	69	103
Depreciation and amortisation	1,689	1,568	4,964	4,662
Foreign exchange gain	(4,535)	(882)	(6,506)	(7)
(Gain)/loss on disposal of property, plant and equipment	(13)	84	(11)	(13)

21 Taxation

	Current Quarter Ended 30 Sep 2015 RM'000	Year-to-date Ended 30 Sep 2015 RM'000
Tax expense		
-Current year	2,480	7,098
Deferred tax expense		
-origination and reversal of temporary differences	82	80
Total	<u>2,562</u>	<u>7,178</u>

The effective tax rate of the Group for both current quarter and current period under review are lower than the statutory tax rate. These are mainly due to overprovision of income tax in the previous year and lower tax rate in an oversea subsidiary.

22 Corporate Proposals

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

23 Borrowings (secured)

	As at 30 Sep 2015 RM'000	As at 31 Dec 2014 RM'000
Short term borrowings:		
Term loans	<u>1,062</u>	<u>1,025</u>
Long term borrowings:		
Term loans	<u>5,046</u>	<u>5,842</u>

The borrowings are denominated in Malaysia Ringgit.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015

24 Material litigation

The Group does not have any material litigation as at the date of this announcement.

25 Dividend

An interim single tier dividend of 2 sen per ordinary share totalling RM3,657,137 in respect of the financial year ending 31 December 2015 has been paid on 2 April 2015.

26 Earning per share ("EPS")

a) Basic earning per share

	3 months ended 30 Sep 2015	3 months ended 30 Sep 2014	Year-to-date ended 30 Sep 2015	Year-to-date ended 30 Sep 2014
Profit attributable to equity holders of the parent (RM'000)	12,261	5,772	25,085	15,350
Weighted average number of ordinary shares in issue (units)	191,954,072	181,508,160	191,954,072	181,508,160
Basic earning per share (sen)	6.39	3.18	13.07	8.46

b) Diluted earning per share

Profit attributable to equity holders of the parent (RM'000)	12,261	5,772	25,085	15,350
Weighted average number of ordinary shares in issue (units)	191,954,072	181,508,160	191,954,072	181,508,160
Effect of dilution under warrant conversion	36,589,450	18,361,999	36,589,450	18,361,999
	228,543,522	199,870,159	228,543,522	199,870,159
Diluted earning per share (sen)	5.37	2.89	10.98	7.68

By Order of the Board

Gan Thiam Chai
 Executive Chairman
 Date: 26 November 2015