

*Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
For the Twelve Months Ended 31 December 2015 - Unaudited*

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM	RM	RM	RM
Revenue	40,932,086	36,178,601	165,773,328	149,524,306
Cost of sales	(21,796,701)	(20,300,473)	(89,214,889)	(85,798,896)
Gross profit	19,135,385	15,878,128	76,558,439	63,725,410
Other income	(577,791)	3,463,300	6,606,366	3,991,275
Selling & distribution expenses	(6,108,291)	(9,069,933)	(29,082,875)	(27,288,833)
Administrative expenses	(4,546,568)	(3,597,363)	(13,551,097)	(13,607,770)
Finance costs	(137,915)	(95,704)	(410,089)	(407,024)
	7,764,820	6,578,428	40,120,744	26,413,058
Share of loss of equity-accounted investees, net of tax	-	(26,239)	-	(128,214)
Profit before tax	7,764,820	6,552,189	40,120,744	26,284,844
Income tax expense	(916,282)	(991,876)	(8,094,191)	(5,355,670)
Profit for the period	6,848,538	5,560,313	32,026,553	20,929,174
Other comprehensive profit, net of tax				
Exchange differences on translation of foreign operations	(1,913,844)	2,214,522	8,588,178	1,981,340
Other comprehensive profit, net of tax	(1,913,844)	2,214,522	8,588,178	1,981,340
Total comprehensive income for the period	4,934,694	7,774,835	40,614,731	22,910,514
Profit attributable to:				
Owners of the company	6,941,520	5,558,397	32,026,553	20,908,134
Non-controlling interest	(92,982)	1,916	-	21,040
Profit for the period	6,848,538	5,560,313	32,026,553	20,929,174
Total comprehensive income attributable to:				
Owners of the company	5,027,676	7,772,919	40,614,731	22,889,474
Non-controlling interest	(92,982)	1,916	-	21,040
Total comprehensive income for the period	4,934,694	7,774,835	40,614,731	22,910,514
Earning per share		restated		restated
Basic (Sen)	3.55	3.06	16.37	11.51
Diluted (Sen)	3.00	2.63	13.82	9.90

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 31 December 2015 - Unaudited

	unaudited 31.12.2015 RM	audited 31.12.2014 RM
ASSETS		
Non-current assets		
Property, plant and equipment	152,519,029	95,338,732
Investment properties	2,681,159	2,644,330
Prepaid lease payments	3,483,319	3,037,268
Deferred tax assets	310,497	26,947
	<u>158,994,004</u>	<u>101,047,277</u>
Current assets		
Other investments	1,615,650	6,641,147
Inventories	9,392,504	12,349,674
Current tax assets	-	22,763
Trade and other receivables	38,377,336	29,297,003
Prepayments	157,535	135,096
Cash and cash equivalents	63,018,087	37,032,486
	<u>112,561,112</u>	<u>85,478,169</u>
Total assets	<u><u>271,555,116</u></u>	<u><u>186,525,446</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	104,838,773	91,174,546
Reserves	111,958,880	63,250,051
Equity attributable to owners of the Company	<u>216,797,653</u>	<u>154,424,597</u>
Non-controlling interests	-	(5,160)
Total equity	<u><u>216,797,653</u></u>	<u><u>154,419,437</u></u>
Liabilities		
Non-current liabilities		
Loans and borrowings	25,357,511	5,842,455
Deferred tax liabilities	180,650	862,754
	<u>25,538,161</u>	<u>6,705,209</u>
Current liabilities		
Loan and borrowings	1,074,338	1,025,484
Trade and other payables	27,505,981	22,925,489
Current tax liabilities	638,983	1,449,827
	<u>29,219,302</u>	<u>25,400,800</u>
Total liabilities	<u><u>54,757,463</u></u>	<u><u>32,106,009</u></u>
Total equity and liabilities	<u><u>271,555,116</u></u>	<u><u>186,525,446</u></u>
Net assets per share attributable to equity holders of the parent (RM)	<u><u>1.03</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 Twelve Months Ended 31 December 2015 - 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 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	-	-	-	32,026,553	32,026,553	-	32,026,553
Other comprehensive income for the period	-	-	8,588,178	-	8,588,178	-	8,588,178
Total comprehensive income for the period	-	-	8,588,178	32,026,553	40,614,731	-	40,614,731
Contributions by and distributions to owners							
-issuance of shares pursuant to warrant conversion	13,664,227	11,751,235	-	-	25,415,462	-	25,415,462
-dividends to owners of the Company	-	-	-	(3,657,137)	(3,657,137)	-	(3,657,137)
Changes in ownership interests in a subsidiary	-	-	-	-	-	5,160	5,160
At 31 December 2015	104,838,773	11,751,235	13,905,901	86,301,744	216,797,653	-	216,797,653

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 Twelve Months Ended 31 December 2015 - Unaudited

	12 months ended	
	31.12.2015	31.12.2014
	RM	RM
Cash flows from operating activities		
Profit before tax	40,120,744	26,284,844
Adjustments for:		
Depreciation and amortisation	6,874,815	6,392,328
Gain on disposal of plant and equipment	(10,395)	(12,593)
Interest expense	85,226	132,650
Interest income	(340,989)	(264,287)
Share of loss of equity-accounted investee, net of tax	-	128,214
Unrealised foreign exchange differences	1,061,690	(865,870)
Net impairment loss on financial assets	78,400	814,800
<i>Operating profit before working capital changes</i>	<u>47,869,491</u>	<u>32,610,086</u>
Changes in working capital:		
Inventories	2,957,170	(3,804,577)
Trade and other receivables	(8,907,313)	(5,153,936)
Trade and other payables	4,801,096	5,992,967
<i>Cash generated from operations</i>	<u>46,720,444</u>	<u>29,644,540</u>
Income tax paid	(11,803,097)	(5,379,354)
Income tax refund	631,605	78,253
Net cash generated from operating activities	<u>35,548,952</u>	<u>24,343,439</u>
Cash flows from investing activities		
Interest received	340,989	264,287
Investment in quoted share	-	(2,035,600)
Changes in investment in unit trust	4,947,098	(65,564)
Proceeds from disposal of plant and equipment	61,989	92,086
Purchase of property, plant and equipment	(59,107,443)	(22,448,990)
Net cash used in investing activities	<u>(53,757,367)</u>	<u>(24,193,781)</u>
Cash flows from financing activities		
Dividend paid	(3,657,137)	(6,495,897)
Interest paid	(85,226)	(132,650)
Proceeds from issuance of share	25,415,462	2,192,491
Repayment of borrowings	(1,020,790)	(970,885)
Drawdown of borrowings	20,584,696	4,772,815
Net cash generated from/(used in) financing activities	<u>41,237,005</u>	<u>(634,126)</u>
Net increase in cash and cash equivalents	23,028,590	(484,468)
Effect of changes in foreign exchange rate	2,957,011	1,370,670
Cash and cash equivalents at beginning of period	<u>37,032,486</u>	<u>36,146,284</u>
Cash and cash equivalents at end of period	<u>63,018,087</u>	<u>37,032,486</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 31 DECEMBER 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 31 DECEMBER 2015

6 Debt and equity securities

During the current quarter under review, the Company issued 6,000,679 new ordinary shares through warrant conversion. As at 31 December 2015, 60,322,140 warrants remained unexercised.

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	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	16,676	15,725	63,213	62,587
Rest of Asia	7,425	5,310	26,673	21,199
Europe	3,021	2,871	16,039	13,385
North America	11,959	9,809	51,872	43,264
Oceania	1,727	2,321	7,631	8,613
Africa	124	142	345	476
Consolidated	40,932	36,178	165,773	149,524

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 31 DECEMBER 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 31 December 2015 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>56,007</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 2015 RM'000	As at 31 Dec 2014 RM'000
- Realised	116,663	85,482
- Unrealised	59	(2,802)
	<u>116,722</u>	<u>82,680</u>
Total share of post acquisition reserve of jointly controlled entity - realised	(100)	(100)
	<u>116,622</u>	<u>82,580</u>
Consolidation adjustments	(30,320)	(24,648)
Total Group retained profits as per consolidated accounts	<u>86,302</u>	<u>57,932</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

14 Related party transactions

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31 December 2015 are as follows:

	Current Quarter Ended 31 Dec 2015 RM'000	Year-to-date Ended 31 Dec 2015 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	599	2,283
	<u>599</u>	<u>2,283</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	219	826
-Purchases	365	1,491
	<u>365</u>	<u>1,491</u>
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	2,002	9,385
	<u>2,002</u>	<u>9,385</u>
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest:		
Shana Foods Limited		
-Sales	1,927	11,575
	<u>1,927</u>	<u>11,575</u>
Rubicon Food Products Limited		
-Sales	1,267	6,520
	<u>1,267</u>	<u>6,520</u>
Transactions with a company in which Timonthy Tan Heng Han, a Director of the Company has interests:		
Eat Meee Solutions Sdn Bhd		
-Sales	4	21
	<u>4</u>	<u>21</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.

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

15 Review of performance (Quarter 4, 2015 vs Quarter 4, 2014)

For the current quarter ended 31 December 2015, the Group recorded a higher revenue of RM40.9 million against RM36.1 million in the corresponding quarter ended 31 December 2014, an increase was due to higher sales registered from North America, Europe and Asia.

Profit after taxation for the Group increased by 23.2% or RM1.3 million compared to the corresponding quarter ended 31 December 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 year ended 31 December 2015, the Group recorded a higher revenue of RM165.8 million against RM149.5 million last year, an increase was due to higher sales registered from North America, Europe and Asia.

Profit after taxation for the Group increased by 53% or RM11.1 million compared to 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 4, 2015 vs Quarter 3, 2015)

The Group recorded a lower turnover of RM40.9 million for the current quarter under review compared to the immediate preceding quarter of RM43.2 million. The decrease was due to decrease turnover from North America and Oceania.

The profit before tax decreased to RM7.8 million compared to the immediate preceding quarter of RM14.9 million. The decrease mainly due to higher foreign currency gain in the immediate preceding quarter compared to current 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 31 DECEMBER 2015

20 Profit before tax

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

	3 months ended 31 Dec 2015 RM'000	3 months ended 31 Dec 2014 RM'000	Year-to-date ended 31 Dec 2015 RM'000	Year-to-date ended 31 Dec 2014 RM'000
Interest income	(74)	(78)	(341)	(264)
Other income	(219)	(157)	(629)	(492)
Interest expense	16	30	85	133
Depreciation and amortisation	1,911	1,730	6,875	6,392
Foreign exchange loss/(gain)	870	(1,967)	(5,636)	(1,974)
Loss/(gain) on disposal of property, plant and equipment	1	1	(10)	(12)

21 Taxation

	Current Quarter Ended 31 Dec 2015 RM'000	Year-to-date Ended 31 Dec 2015 RM'000
Tax expense -Current year	1,964	9,670
-Over provision in prior year	-	(608)
Deferred tax expense		
-origination and reversal of temporary differences	(1,048)	(968)
Total	<u>916</u>	<u>8,094</u>

The effective tax rate of the Group for both current quarter and current year under review are lower than the statutory tax rate. These are mainly due to overprovision of income tax in the previous year and certain income are not taxable for tax purposes.

22 Corporate Proposals

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

23 Borrowings (secured)

	As at 31 Dec 2015 RM'000	As at 31 Dec 2014 RM'000
Short term borrowings:		
Term loans	<u>1,074</u>	<u>1,025</u>
Long term borrowings:		
Term loans	<u>25,358</u>	<u>5,842</u>

The borrowings are denominated in Malaysia Ringgit.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 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 31 Dec 2015	3 months ended 31 Dec 2014	Year-to-date ended 31 Dec 2015	Year-to-date ended 31 Dec 2014
Profit attributable to equity holders of the parent (RM'000)	6,942	5,558	32,027	20,908
Weighted average number of ordinary shares in issue (units)	195,585,560	181,714,172	195,585,560	181,714,172
Basic earning per share (sen)	3.55	3.06	16.37	11.51

b) Diluted earning per share

Profit attributable to equity holders of the parent (RM'000)	6,942	5,558	32,027	20,908
Weighted average number of ordinary shares in issue (units)	195,585,560	181,714,172	195,585,560	181,714,172
Effect of dilution under warrant conversion	36,123,898	29,425,557	36,123,898	29,425,557
	231,709,458	211,139,729	231,709,458	211,139,729
Diluted earning per share (sen)	3.00	2.63	13.82	9.90

By Order of the Board

Gan Thiam Chai
 Executive Chairman
 Date: 29 February 2016