

*Condensed Consolidated Statement of Profit or Loss and Comprehensive Income
For the Three Months Ended 31 March 2016 - Unaudited*

	3 months ended		3 months ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM	RM	RM	RM
Revenue	41,505,640	37,343,275	41,505,640	37,343,275
Cost of sales	(22,601,449)	(21,387,484)	(22,601,449)	(21,387,484)
Gross profit	18,904,191	15,955,791	18,904,191	15,955,791
Other income #	370,001	1,556,732	370,001	1,556,732
Selling & distribution expenses	(6,471,446)	(7,486,466)	(6,471,446)	(7,486,466)
Administrative expenses *	(7,087,251)	(2,608,932)	(7,087,251)	(2,608,932)
Finance costs	(87,770)	(74,571)	(87,770)	(74,571)
Profit before tax	5,627,725	7,342,554	5,627,725	7,342,554
Income tax expense	(1,262,509)	(1,788,222)	(1,262,509)	(1,788,222)
Profit for the period	4,365,216	5,554,332	4,365,216	5,554,332
Other comprehensive income, net of tax				
Exchange differences on translation of foreign operations	(4,779,281)	2,351,497	(4,779,281)	2,351,497
Other comprehensive income, net of tax	(4,779,281)	2,351,497	(4,779,281)	2,351,497
Total comprehensive income for the period	(414,065)	7,905,829	(414,065)	7,905,829
Profit attributable to:				
Owners of the company	4,365,216	5,554,291	4,365,216	5,554,291
Non-controlling interest	-	41	-	41
Profit for the period	4,365,216	5,554,332	4,365,216	5,554,332
Total comprehensive income attributable to:				
Owners of the company	(414,065)	7,905,788	(414,065)	7,905,788
Non-controlling interest	-	41	-	41
Total comprehensive income for the period	(414,065)	7,905,829	(414,065)	7,905,829
Earning per share				
Basic (Sen)	1.98	3.04	1.98	3.04
Diluted (Sen)	1.74	2.53	1.74	2.53

Inclusive of RM1.3 million of foreign currency gain in quarter 1, 2015.

* Inclusive of RM3.3 million of foreign currency loss in quarter 1, 2016.

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 March 2016 - Unaudited

	unaudited	audited
	31.3.2016	31.12.2015
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	157,593,578	152,519,023
Investment properties	2,616,212	2,681,166
Prepaid lease payments	3,161,848	3,483,319
Deferred tax assets	283,571	188,382
	<u>163,655,209</u>	<u>158,871,890</u>
Current assets		
Other investments	1,362,494	1,615,649
Inventories	11,218,147	9,392,505
Current tax assets	1,046,383	1,671,029
Trade and other receivables	36,879,514	38,819,755
Prepayments	507,956	157,535
Cash and cash equivalents	74,801,701	63,018,086
	<u>125,816,195</u>	<u>114,674,559</u>
Total assets	<u><u>289,471,404</u></u>	<u><u>273,546,449</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	114,416,785	104,838,773
Reserves	114,030,520	111,966,850
Total equity attributable to owners of the Company	<u>228,447,305</u>	<u>216,805,623</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	25,357,511	25,357,511
Deferred tax liabilities	169,855	58,536
	<u>25,527,366</u>	<u>25,416,047</u>
Current liabilities		
Loan and borrowings	810,604	1,074,334
Trade and other payables	28,885,306	27,934,446
Dividend payables	5,759,355	-
Current tax liabilities	41,468	2,315,999
	<u>35,496,733</u>	<u>31,324,779</u>
Total liabilities	<u>61,024,099</u>	<u>56,740,826</u>
Total equity and liabilities	<u><u>289,471,404</u></u>	<u><u>273,546,449</u></u>
Net assets per share attributable to equity holders of the parent (RM)	<u>1.00</u>	<u>1.03</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2016 - 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 2015	91,174,546	-	5,317,723	57,932,328	154,424,597	(5,160)	154,419,437
Net profit for the financial year	-	-	-	32,034,520	32,034,520	-	32,034,520
Other comprehensive income for the financial year	-	-	8,588,181	-	8,588,181	-	8,588,181
Total comprehensive income for the financial year	-	-	8,588,181	32,034,520	40,622,701	-	40,622,701
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 2015/1 January 2016	104,838,773	11,751,235	13,905,904	86,309,711	216,805,623	-	216,805,623
Net profit for the period	-	-	-	4,365,216	4,365,216	-	4,365,216
Other comprehensive income for the period	-	-	(4,779,281)	-	(4,779,281)	-	(4,779,281)
Total comprehensive income for the period	-	-	(4,779,281)	4,365,216	(414,065)	-	(414,065)
Contributions by and distributions to owners							
-issuance of shares pursuant to warrant conversion	9,578,012	8,237,090	-	-	17,815,102	-	17,815,102
-dividends to owners of the Company	-	-	-	(5,759,355)	(5,759,355)	-	(5,759,355)
At 31 March 2016	114,416,785	19,988,325	9,126,623	84,915,572	228,447,305	-	228,447,305

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the Three Months Ended 31 March 2016 - Unaudited

	3 months ended	
	31.3.2016	31.3.2015
	RM	RM
Cash flows from operating activities		
Profit before tax	5,627,725	7,342,554
Adjustments for:		
Depreciation and amortisation	1,676,771	1,624,398
Loss on disposal of plant and equipment	35,385	1,528
Interest expense	12,774	26,155
Interest income	(151,058)	(93,901)
Unrealised foreign exchange differences	3,248,039	1,693,899
Net impairment loss on financial assets	257,600	190,400
<i>Operating profit before working capital changes</i>	10,707,236	10,785,033
Changes in working capital:		
Inventories	(1,825,642)	611,647
Trade and other receivables	1,940,241	(9,081,735)
Trade and other payables	950,855	4,374,994
<i>Cash generated from operations</i>	11,772,690	6,689,939
Income tax paid	(2,927,671)	(1,409,971)
Income tax refund	-	631,605
Net cash generated from operating activities	8,845,019	5,911,573
Cash flows from investing activities		
Interest received	151,058	93,901
Changes in investment in unit trust	(4,444)	2,968,886
Proceeds from disposal of plant and equipment	234,906	45,087
Purchase of property, plant and equipment	(9,613,461)	(7,848,911)
Net cash used in investing activities	(9,231,941)	(4,741,037)
Cash flows from financing activities		
Interest paid	(12,774)	(26,155)
Proceeds from issuance of share	17,815,102	484,320
Repayment of borrowings	(263,730)	(250,349)
Net cash generated from financing activities	17,538,598	207,816
Net increase in cash and cash equivalents	17,151,676	1,378,352
Effect of changes in foreign exchange rate	(5,368,061)	(691,284)
Cash and cash equivalents at beginning of period	63,018,086	37,032,486
Cash and cash equivalents at end of period	74,801,701	37,719,554

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2016

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 2015. 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 2015.

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 2015.

The Group had adopted the new and revised Malaysian Financial Reporting Standards ("MFRS") and IC Interpretations that became mandatory for the current reporting period. The adoption of the new and revised MFRSs and IC interpretations did not have any significant impact on the interim financial statements upon their initial application.

2 Qualification of financial statements

The financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015 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 MARCH 2016

6 Debt and equity securities

During the current quarter under review, the Company issued 19,156,024 new ordinary shares through warrant conversion. As at 31 March 2016, 41,166,116 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 2.5 sen per ordinary share totalling RM5,759,355 in respect of the financial year ending 31 December 2016 has been paid on 22 April 2016.

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 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	16,204	14,866	16,204	14,866
Rest of Asia	6,909	6,160	6,909	6,160
Europe	3,561	4,527	3,561	4,527
North America	12,278	10,855	12,278	10,855
Oceania	2,402	842	2,402	842
Africa	152	93	152	93
Consolidated	41,506	37,343	41,506	37,343

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 MARCH 2016

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 March 2016 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>53,929</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 2016 RM'000	As at 31 Dec 2015 RM'000
- Realised	124,438	115,298
- Unrealised	(10,436)	325
	<u>114,002</u>	<u>115,623</u>
Total share of post acquisition reserve of jointly controlled entity - realised	(100)	(100)
	<u>113,902</u>	<u>115,523</u>
Consolidation adjustments	(28,986)	(29,213)
Total Group retained profits as per consolidated accounts	<u>84,916</u>	<u>86,310</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

14 Related party transactions

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31 March 2016 are as follows:

	Current Quarter Ended 31 Mar 2016 RM'000	Year-to-date Ended 31 Mar 2016 RM'000
Transactions with a company in which Gan Thiam Chai, a Director of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	461	461
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	154	154
-Purchases	360	360
Transactions with a company in which the sons and the spouse of Gan Thiam Hock, a Director of the Company has interests:		
MH Belight Sdn Bhd		
-Sales	29	29
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	2,613	2,613
Transactions with companies in which Nareshchandra Gordhandas Nagrecha and Jayendra Janardan Ved, Directors of the Company have interest:		
Shana Foods Limited		
-Sales	2,877	2,877
Rubicon Food Products Limited		
-Sales	287	287
Transactions with a company in which Timonthy Tan Heng Han, a Director of the Company has interests:		
Eat Meee Solutions Sdn Bhd		
-Sales	5	5

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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.

15 Review of performance (Quarter 1, 2016 vs Quarter 1, 2015)

For the current quarter ended 31 March 2016, the Group recorded a higher revenue of RM41.5 million against RM37.3 million in the corresponding quarter ended 31 March 2015, an increase was due to higher sales registered from all regions except Europe.

Profit after taxation for the Group decreased by 21.4% or RM1.2 million compared to the corresponding quarter ended 31 March 2015, mainly led by the unfavourable RM/USD exchange rate in the current quarter amounting to RM3.3 million (Quarter 1, 2015 - foreign currency gain of RM1.5 million).

16 Variance of quarterly results compared to preceding quarter (Quarter 1, 2016 vs Quarter 4, 2015)

The Group recorded a higher turnover of RM41.5 million for the current quarter under review compared to the immediate preceding quarter of RM40.9 million. The slight increase was due to increase turnover from North America, Europe and Oceania.

The profit before tax decreased to RM5.6 million compared to the immediate preceding quarter of RM7.8 million. The decrease mainly due higher foreign currency losses as a result of unfavourable RM/USD exchange rate in the current quarter amounting to RM3.3 million (Quarter 4, 2015 - foreign currency loss of RM0.9 million).

17 Commentary on the prospect

As reported in last year's annual accounts, the Group continues to grow from strength to strength as evident by the increase in revenue for the first quarter of 2016.

The construction of the new plant at Pulau Indah is progressing as planned. The progress is in conjunction with the continued research and development activities for new products which are planned to be manufactured at the new factory.

As mentioned in note 6 above, if all the 41,166,116 unexercised warrants were to be converted before the expiry date of the warrants, the Company is expected to receive additional total proceeds of RM38,284,488.

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 2016

19 Profit before tax

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

	3 months ended 31 Mar 2016 RM'000	3 months ended 31 Mar 2015 RM'000	Year-to-date ended 31 Mar 2016 RM'000	Year-to-date ended 31 Mar 2015 RM'000
Interest income	(151)	(94)	(151)	(94)
Other income	(219)	(133)	(219)	(133)
Interest expense	13	26	13	26
Depreciation and amortisation	1,677	1,624	1,677	1,624
Foreign exchange loss/(gain)	3,317	(1,329)	3,317	(1,329)
Loss on disposal of property, plant and equipment	36	2	36	2

20 Taxation

	Current Quarter Ended 31 Mar 2016 RM'000	Year-to-date Ended 31 Mar 2016 RM'000
Tax expense -Current year	1,256	1,256
Deferred tax expense -origination and reversal of temporary differences	7	7
Total	<u>1,263</u>	<u>1,263</u>

The effective tax rate of the Group for the current quarter under review are lower than the statutory tax rate. This is mainly due to 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.

22 Borrowings (secured)

	As at 31 Mar 2016 RM'000	As at 31 Dec 2015 RM'000
Short term borrowings:		
Term loans	<u>810</u>	<u>1,074</u>
Long term borrowings:		
Term loans	<u>25,358</u>	<u>25,358</u>

The borrowings are denominated in Malaysia Ringgit.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

23 Material litigation

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

24 Dividend

An interim single tier dividend of 2.5 sen per ordinary share totalling RM5,759,355 in respect of the financial year ending 31 December 2016 has been paid on 22 April 2016.

25 Earning per share ("EPS")

a) Basic earning per share

	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015	Year-to-date ended 31 Mar 2016	Year-to-date ended 31 Mar 2015
Profit attributable to equity holders of the parent (RM'000)	4,365	5,554	4,365	5,554
Weighted average number of ordinary shares in issue (units)	220,261,753	182,690,016	220,261,753	182,690,016
Basic earning per share (sen)	1.98	3.04	1.98	3.04

b) Diluted earning per share

Profit attributable to equity holders of the parent (RM'000)	4,365	5,554	4,365	5,554
Weighted average number of ordinary shares in issue (units)	220,261,753	182,690,016	220,261,753	182,690,016
Effect of dilution under warrant conversion	30,521,680	37,007,717	30,521,680	37,007,717
	250,783,433	219,697,733	250,783,433	219,697,733
Diluted earning per share (sen)	1.74	2.53	1.74	2.53

By Order of the Board

Gan Thiam Chai
 Executive Chairman
 Date: 30 May 2016