

**Condensed Consolidated Statement of Profit or Loss and Comprehensive Income**  
**For the Three Months Ended 31 March 2017 - Unaudited**

	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM	RM	RM	RM
<b>Revenue</b>	47,514,082	41,505,640	47,514,082	41,505,640
Cost of sales	(28,529,593)	(22,601,449)	(28,529,593)	(22,601,449)
<b>Gross profit</b>	18,984,489	18,904,191	18,984,489	18,904,191
Other income	682,196	370,001	682,196	370,001
Selling & distribution expenses	(9,012,522)	(6,471,446)	(9,012,522)	(6,471,446)
Administrative expenses #	(3,560,015)	(7,087,251)	(3,560,015)	(7,087,251)
Finance costs	(92,346)	(87,770)	(92,346)	(87,770)
<b>Profit before tax</b>	7,001,802	5,627,725	7,001,802	5,627,725
Income tax expense	(1,574,200)	(1,262,509)	(1,574,200)	(1,262,509)
<b>Profit for the period</b>	5,427,602	4,365,216	5,427,602	4,365,216
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign operations	(595,859)	(4,779,281)	(595,859)	(4,779,281)
<b>Other comprehensive income, net of tax</b>	(595,859)	(4,779,281)	(595,859)	(4,779,281)
<b>Total comprehensive income for the period</b>	4,831,743	(414,065)	4,831,743	(414,065)
<b>Profit attributable to:</b>				
Owners of the company	5,445,095	4,365,216	5,445,095	4,365,216
Non-controlling interest	(17,493)	-	(17,493)	-
<b>Profit for the period</b>	5,427,602	4,365,216	5,427,602	4,365,216
<b>Total comprehensive income attributable to:</b>				
Owners of the company	4,849,236	(414,065)	4,849,236	(414,065)
Non-controlling interest	(17,493)	-	(17,493)	-
<b>Total comprehensive income for the period</b>	4,831,743	(414,065)	4,831,743	(414,065)
<b>Earning per share</b>				
Basic (Sen)	2.02	1.98	2.02	1.98
Diluted (Sen)	2.02	1.74	2.02	1.74

# Inclusive of net foreign currency loss of RM0.1 million in 1Q of 2017 and RM3.3 million in 1Q of 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 2016 and the accompanying explanatory notes attached to the interim financial statements.

*Condensed Consolidated Statement of Financial Position*  
*As at 31 March 2017 - Unaudited*

	<b>unaudited</b>	<b>audited</b>
	<b>31.3.2017</b>	<b>31.12.2016</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	210,285,160	201,634,421
Investment properties	2,596,614	2,613,423
Prepaid lease payments	3,276,608	3,317,239
Deferred tax assets	453,353	277,664
	<u>216,611,735</u>	<u>207,842,747</u>
<b>Current assets</b>		
Other investments	1,334,129	1,167,716
Inventories	14,035,372	12,909,270
Current tax assets	1,160,581	929,797
Trade and other receivables	47,476,451	48,518,579
Prepayments	553,356	169,144
Cash and cash equivalents	74,861,717	80,439,204
	<u>139,421,606</u>	<u>144,133,710</u>
<b>Total assets</b>	<u>356,033,341</u>	<u>351,976,457</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	134,819,910	134,819,910
Reserves	154,721,525	156,613,288
<b>Equity attributable to owners of the Company</b>	<u>289,541,435</u>	<u>291,433,198</u>
<b>Non-controlling interest</b>	56,007	-
<b>Total equity</b>	<u>289,597,442</u>	<u>291,433,198</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	19,320,008	20,225,634
Deferred tax liabilities	468,280	290,936
	<u>19,788,288</u>	<u>20,516,570</u>
<b>Current liabilities</b>		
Loan and borrowings	8,088,296	3,622,501
Trade and other payables	37,011,400	34,956,515
Current tax liabilities	1,547,915	1,447,673
	<u>46,647,611</u>	<u>40,026,689</u>
<b>Total liabilities</b>	<u>66,435,899</u>	<u>60,543,259</u>
<b>Total equity and liabilities</b>	<u>356,033,341</u>	<u>351,976,457</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>1.07</u>	<u>1.08</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2017 - Unaudited*

	<-----Attributable to owners of the Company----->						
	<----Non-distributable---->			Distributable			
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Total RM	Non- Controlling Interest RM	Total Equity RM
<b>At 1 January 2015</b>	104,838,773	11,751,235	13,905,904	86,309,711	216,805,623	-	216,805,623
Net profit for the financial year	-	-	-	32,981,617	32,981,617	-	32,981,617
Other comprehensive income for the financial year	-	-	1,077,795	-	1,077,795	-	1,077,795
Total comprehensive income for the financial year	-	-	1,077,795	32,981,617	34,059,412	-	34,059,412
Contributions by and distributions to owners							
-issuance of shares pursuant to warrant conversion	29,981,137	25,783,778	-	-	55,764,915	-	55,764,915
-dividends to owners of the Company	-	-	-	(15,196,752)	(15,196,752)	-	(15,196,752)
<b>At 31 December 2015/1 January 2016</b>	134,819,910	37,535,013	14,983,699	104,094,576	291,433,198	-	291,433,198
Net profit for the period	-	-	-	5,445,095	5,445,095	(17,493)	5,427,602
Other comprehensive income for the period	-	-	(595,859)	-	(595,859)	-	(595,859)
Total comprehensive income for the period	-	-	(595,859)	5,445,095	4,849,236	(17,493)	4,831,743
Contributions by and distributions to owners							
-effect arising from acquisition of a subsidiary	-	-	-	-	-	73,500	73,500
-dividends to owners of the Company	-	-	-	(6,740,999)	(6,740,999)	-	(6,740,999)
<b>At 31 March 2017</b>	134,819,910	37,535,013	14,387,840	102,798,672	289,541,435	56,007	289,597,442

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Cash Flows**  
**For the Three Months Ended 31 March 2017 - Unaudited**

	<b>3 months ended</b>	
	<b>31.3.2017</b>	<b>31.3.2016</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	7,001,802	5,627,725
Adjustments for:		
Depreciation and amortisation	1,556,752	1,676,771
Loss on disposal of plant and equipment	14,154	35,385
Interest expense	35,163	12,774
Interest income	(211,356)	(151,058)
Unrealised foreign exchange differences	2,690,096	3,248,039
Net impairment (gain)/loss on financial assets	(162,400)	257,600
<i>Operating profit before working capital changes</i>	10,924,211	10,707,236
Changes in working capital:		
Inventories	(1,126,102)	(1,825,642)
Trade and other receivables	(1,904,733)	1,940,241
Trade and other payables	5,001,737	950,855
<i>Cash generated from operations</i>	12,895,113	11,772,690
Income tax paid	(1,830,166)	(2,927,671)
Income tax refund	135,798	-
<b>Net cash generated from operating activities</b>	11,200,745	8,845,019
<b>Cash flows from investing activities</b>		
Interest received	211,356	151,058
Changes in investment in unit trust	(4,012)	(4,444)
Proceeds from disposal of plant and equipment	-	234,906
Purchase of property, plant and equipment	(10,352,960)	(9,613,461)
<b>Net cash used in investing activities</b>	(10,145,616)	(9,231,941)
<b>Cash flows from financing activities</b>		
Dividend paid	(6,740,999)	-
Interest paid	(35,163)	(12,774)
Proceeds from issuance of shares	-	17,815,102
Drawdown of borrowings	4,445,155	-
Repayment of borrowings	(905,625)	(263,730)
<b>Net cash (used in)/generated from financing activities</b>	(3,236,632)	17,538,598
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,181,503)	17,151,676
<b>Effect of changes in foreign exchange rate</b>	(3,395,984)	(5,368,061)
<b>Cash and cash equivalents at beginning of period</b>	80,439,204	63,018,086
<b>Cash and cash equivalents at end of period</b>	74,861,717	74,801,701

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent audited financial statements of the Company as at and for the year ended 31 December 2016.

**2 Qualification of financial statements**

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

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities by the Company during the current quarter under review.

**7 Dividends paid**

An interim single tier dividend of 2.5 sen per ordinary share totalling RM6,740,999 in respect of the financial year ending 31 December 2017 has been paid on 31 March 2017.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**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 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	18,126	16,204	18,126	16,204
Rest of Asia	8,636	6,909	8,636	6,909
Europe	5,550	3,561	5,550	3,561
North America	13,546	12,278	13,546	12,278
Oceania	1,656	2,402	1,656	2,402
Africa	-	152	-	152
Consolidated	47,514	41,506	47,514	41,506

**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.

**11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review other than as disclosed below:

On 26 January 2017, the Group has acquired 51% of the issued and paid-up share capital in Dikawani Foods Sdn Bhd ("Dikawani") for a cash consideration of RM51. The Group had on the same date, subscribed 76,449 new ordinary shares of RM1.00 each in the share capital of Dikawani, for a total consideration of RM76,449.

Subsequent to the acquisition, Dikawani became a subsidiary of Kawan Food Berhad.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**12 Capital commitments**

The capital commitments of the Group as at 31 March 2017 is as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>34,893</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 2017	As at 31 Dec 2016
	RM'000	RM'000
- Realised	145,790	136,802
- Unrealised	<u>(12,252)</u>	<u>(2,128)</u>
	133,538	134,674
Total share of post acquisition reserve of jointly controlled entity - realised	<u>(100)</u>	<u>(100)</u>
	133,438	134,574
Consolidation adjustments	<u>(30,639)</u>	<u>(30,479)</u>
Total Group retained profits as per consolidated accounts	<u>102,799</u>	<u>104,095</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**14 Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31 March 2017 are as follows:

	Current Quarter Ended 31 Mar 2017 RM'000	Year-to-date Ended 31 Mar 2017 RM'000
Transactions with a company in which daughter of Gan Thiam Chai and Kwan Sok Kay, Directors of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	403	403
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	3	3
-Purchases	34	34
Transactions with a company in which the sons and the spouse of Gan Thiam Hock, a Director of the Company has interests:		
MH Delight Sdn Bhd		
-Sales	200	200
-Purchases	218	218
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	3,591	3,591
Transactions with companies in which Nareshchandra Gordhandas Nagrecha, a Director of the Company has interest:		
Shana Foods Limited		
-Sales	3,814	3,814
Rubicon Food Products Limited		
-Sales	1,170	1,170

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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**15 Review of performance (Quarter 1, 2017 vs Quarter 1, 2016)**

For the current quarter ended 31 March 2017, the Group recorded a higher revenue of RM47.5 million against RM41.5 million in the corresponding quarter ended 31 March 2016, an increase was due to higher sales registered from all regions except Oceania and Africa.

Profit after taxation for the Group increased to RM5.4 million from RM4.4 million in the corresponding quarter ended 31 March 2016. The impact of lower foreign currency loss (Quarter 1, 2016 - foreign currency loss of RM3.3 million, Quarter 1, 2017 - foreign currency loss of RM0.1 million) was offset by higher material prices and advertisement and promotion expenses in the current quarter.

**16 Variance of quarterly results compared to preceding quarter (Quarter 1, 2017 vs Quarter 4, 2016)**

The Group recorded a higher turnover of RM47.5 million for the current quarter under review compared to the immediate preceding quarter of RM42.6 million. The increase was due to increase turnover from all regions except Oceania and Africa.

The profit after tax decreased to RM5.4 million compared to the immediate preceding quarter of RM7.2 million. The decrease was mainly due to higher foreign currency gain (Quarter 4, 2016 - foreign currency gain of RM2.8 million, Quarter 1, 2017 - foreign currency loss of RM0.1 million) in the immediate preceding quarter.

**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 during the year.

The construction of the new plant at Pulau Indah is progressing accordingly to the revised schedule. The new factory is expected to be in operation in second half of the year. The research and development activities are continuing for new products which are planned to be manufactured at the new factory.

**18 Variance of actual and profit forecast**

Not applicable as the Group did not issue any profit forecast for the current financial year.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**19 Profit before tax**

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

	3 months ended 31 Mar 2017 RM'000	3 months ended 31 Mar 2016 RM'000	Year-to-date ended 31 Mar 2017 RM'000	Year-to-date ended 31 Mar 2016 RM'000
Interest income	(211)	(151)	(211)	(151)
Other income	(471)	(219)	(471)	(219)
Interest expense	35	13	35	13
Depreciation and amortisation	1,557	1,677	1,557	1,677
Net foreign exchange loss	113	3,317	113	3,317
Loss on disposal of property, plant and equipment	14	35	14	35

**20 Finance cost**

	3 months ended 31 Mar 2017 RM'000	3 months ended 31 Mar 2016 RM'000	Year-to-date ended 31 Mar 2017 RM'000	Year-to-date ended 31 Mar 2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Term loans, secured	283	225	283	225
Other bank charges	57	75	57	75
	<u>340</u>	<u>300</u>	<u>340</u>	<u>300</u>
Recognised in profit or loss	92	88	92	88
Capitalised on qualifying assets:				
- property, plant and equipment	248	212	248	212
	<u>340</u>	<u>300</u>	<u>340</u>	<u>300</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

**21 Taxation**

	Current Quarter Ended 31 Mar 2017 RM'000	Year-to-date Ended 31 Mar 2017 RM'000
Tax expense -Current year	1,573	1,573
Deferred tax expense		
-origination and reversal of temporary differences	1	1
Total	<u>1,574</u>	<u>1,574</u>

The effective tax rate of the Group for current period under review is lower than the statutory tax rate. This is mainly due to 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 31 Mar 2017 RM'000	As at 31 Dec 2016 RM'000
Short term borrowings:		
in Malaysia Ringgit	3,622	3,622
in US Dollar	4,466	-
	<u>8,088</u>	<u>3,622</u>
Long term borrowings:		
in Malaysia Ringgit	<u>19,320</u>	<u>20,226</u>

**24 Material litigation**

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

**25 Dividends**

An interim single tier dividend of 2.5 sen per ordinary share totalling RM6,740,999 in respect of the financial year ending 31 December 2017 has been paid on 31 March 2017.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017**

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

a) Basic earning per share

	3 months ended 31 Mar 2017	3 months ended 31 Mar 2016	Year-to-date ended 31 Mar 2017	Year-to-date ended 31 Mar 2016
Profit attributable to equity holders of the parent (RM'000)	5,445	4,365	5,445	4,365
Weighted average number of ordinary shares in issue (units)	269,639,820	220,261,753	269,639,820	220,261,753
Basic earning per share (sen)	2.02	1.98	2.02	1.98

b) Diluted earning per share

Profit attributable to equity holders of the parent (RM'000)	5,445	4,365	5,445	4,365
Weighted average number of ordinary shares in issue (units)	269,639,820	220,261,753	269,639,820	220,261,753
Effect of dilution under warrant conversion	-	30,521,680	-	30,521,680
	269,639,820	250,783,433	269,639,820	250,783,433
Diluted earning per share (sen)	2.02	1.74	2.02	1.74

By Order of the Board

Gan Thiam Chai  
 Executive Chairman  
 Date: 30 May 2017