

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

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
<b>Revenue</b>	45,959,250	42,617,961	196,282,105	186,948,060
Cost of sales	(25,202,395)	(22,682,091)	(112,041,593)	(99,143,422)
<b>Gross profit</b>	<b>20,756,855</b>	<b>19,935,870</b>	<b>84,240,512</b>	<b>87,804,638</b>
Other income*	301,779	3,307,173	1,662,202	4,590,043
Selling & distribution expenses	(7,776,900)	(8,981,518)	(31,836,909)	(33,600,007)
Administrative expenses#	(6,208,235)	(4,529,422)	(17,625,380)	(16,820,494)
Finance costs	(88,954)	(85,842)	(387,735)	(434,486)
<b>Profit before tax</b>	<b>6,984,545</b>	<b>9,646,261</b>	<b>36,052,690</b>	<b>41,539,694</b>
Income tax expense	(1,092,233)	(2,452,944)	(6,946,217)	(8,558,077)
<b>Profit for the period</b>	<b>5,892,312</b>	<b>7,193,317</b>	<b>29,106,473</b>	<b>32,981,617</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign operations	(2,680,037)	3,585,582	(4,998,803)	1,077,795
<b>Other comprehensive income, net of tax</b>	<b>(2,680,037)</b>	<b>3,585,582</b>	<b>(4,998,803)</b>	<b>1,077,795</b>
<b>Total comprehensive income for the period</b>	<b>3,212,275</b>	<b>10,778,899</b>	<b>24,107,670</b>	<b>34,059,412</b>
<b>Profit attributable to:</b>				
Owners of the company	5,851,995	7,193,317	29,106,473	32,981,617
Non-controlling interest	40,317	-	-	-
<b>Profit for the period</b>	<b>5,892,312</b>	<b>7,193,317</b>	<b>29,106,473</b>	<b>32,981,617</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the company	3,171,958	10,778,899	24,107,670	34,059,412
Non-controlling interest	40,317	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,212,275</b>	<b>10,778,899</b>	<b>24,107,670</b>	<b>34,059,412</b>
<b>Earnings per share</b>		<b>restated</b>		<b>restated</b>
Basic (Sen)	1.63	2.00	8.10	9.17
Diluted (Sen)	N/A	N/A	N/A	N/A

\* Inclusive of net foreign currency gain of RM2.8 million and RM1.9 million in 4Q of 2016 and year ended 31 December 2016 respectively.

# Inclusive of net foreign currency loss of RM0.8 million and RM2.6 million in 4Q of 2017 and year ended 31 December 2017 respectively.

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 December 2017 - Unaudited*

	<b>unaudited</b> <b>31.12.2017</b> <b>RM</b>	<b>audited</b> <b>31.12.2016</b> <b>RM</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	230,809,773	201,634,421
Investment properties	2,539,151	2,613,423
Prepaid lease payments	3,114,167	3,317,239
Deferred tax assets	456,199	277,664
	<u>236,919,290</u>	<u>207,842,747</u>
<b>Current assets</b>		
Other investments	871,590	1,167,716
Inventories	15,210,068	12,909,270
Current tax assets	2,767,208	929,797
Trade and other receivables	48,163,768	48,518,579
Prepayments	244,701	169,144
Cash and cash equivalents	62,785,274	80,439,204
	<u>130,042,609</u>	<u>144,133,710</u>
<b>Total assets</b>	<u><u>366,961,899</u></u>	<u><u>351,976,457</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	179,759,880	134,819,910
Reserves	129,039,989	156,613,288
<b>Total equity</b>	<u>308,799,869</u>	<u>291,433,198</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	16,603,132	20,225,634
Deferred tax liabilities	1,248,719	290,936
	<u>17,851,851</u>	<u>20,516,570</u>
<b>Current liabilities</b>		
Loan and borrowings	7,760,461	3,622,501
Trade and other payables	32,088,588	34,956,515
Current tax liabilities	461,130	1,447,673
	<u>40,310,179</u>	<u>40,026,689</u>
<b>Total liabilities</b>	<u>58,162,030</u>	<u>60,543,259</u>
<b>Total equity and liabilities</b>	<u><u>366,961,899</u></u>	<u><u>351,976,457</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.86</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 Twelve Months Ended 31 December 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	Total Equity RM
<b>At 1 January 2016</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 2016/1 January 2017</b>	134,819,910	37,535,013	14,983,699	104,094,576	291,433,198	291,433,198
Net profit for the year	-	-	-	29,106,473	29,106,473	29,106,473
Other comprehensive income for the year	-	-	(4,998,803)	-	(4,998,803)	(4,998,803)
Total comprehensive income for the year	-	-	(4,998,803)	29,106,473	24,107,670	24,107,670
Contributions by and distributions to owners						
-bonus issue	44,939,970	(37,535,013)	-	(7,404,957)	-	-
-dividends to owners of the Company	-	-	-	(6,740,999)	(6,740,999)	(6,740,999)
<b>At 31 December 2017</b>	179,759,880	-	9,984,896	119,055,093	308,799,869	308,799,869

**Condensed Consolidated Statement of Cash Flows**  
**For the Twelve Months Ended 31 December 2017 - Unaudited**

	12 months ended	
	31.12.2017	31.12.2016
	RM	RM
<b>Cash flows from operating activities</b>		
Profit before tax	36,052,690	41,539,694
Adjustments for:		
Depreciation and amortisation	6,236,863	6,562,327
Loss on disposal of plant and equipment	89,179	16,701
Interest expense	160,106	24,669
Interest income	(710,293)	(983,100)
Dividend	-	(9,181)
Unrealised foreign exchange differences	1,371,188	(1,355,575)
Net impairment (gain)/loss on financial assets	(179,200)	464,800
<i>Operating profit before working capital changes</i>	43,020,533	46,260,335
Changes in working capital:		
Inventories	(2,300,798)	(3,516,765)
Trade and other receivables	279,257	(9,104,312)
Trade and other payables	(2,867,927)	6,628,010
<i>Cash generated from operations</i>	38,131,065	40,267,268
Income tax paid	(9,210,876)	(8,693,513)
Income tax refund	193,666	243,426
<b>Net cash generated from operating activities</b>	29,113,855	31,817,181
<b>Cash flows from investing activities</b>		
Interest received	710,293	983,100
Dividend income from quoted share	-	9,181
Changes in investment in unit trust	475,326	(16,867)
Proceeds from disposal of plant and equipment	117,925	267,051
Purchase of property, plant and equipment	(36,481,261)	(55,496,291)
<b>Net cash used in investing activities</b>	(35,177,717)	(54,253,826)
<b>Cash flows from financing activities</b>		
Dividend paid	(6,740,999)	(15,196,752)
Interest paid	(160,106)	(1,085,904)
Proceeds from issuance of shares	-	55,764,915
Drawdown of borrowings	4,445,155	-
Repayment of borrowings	(3,622,502)	(2,583,710)
<b>Net cash (used in)/generated from financing activities</b>	(6,078,452)	36,898,549
<b>Net increase in cash and cash equivalents</b>	(12,142,314)	14,461,904
<b>Effect of changes in foreign exchange rate</b>	(5,511,616)	2,959,214
<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>	62,785,274	80,439,204

The Condensed Consolidated Statement of Cash Flows 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.

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

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED  
31 DECEMBER 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 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	17,773	17,548	76,332	70,255
Rest of Asia	8,161	7,609	34,277	30,046
Europe	4,452	3,080	16,278	14,970
North America	13,042	10,476	58,723	59,515
Oceania	2,531	3,539	10,161	11,480
Africa	-	366	511	682
Consolidated	<u>45,959</u>	<u>42,618</u>	<u>196,282</u>	<u>186,948</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.

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

There were no material 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 2017 is as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>21,290</u>

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

**13 Related party transactions**

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

	3 months ended 31 Dec 2017 RM'000	Year-to-date ended 31 Dec 2017 RM'000
Transactions with a company in which the daughter of Gan Thiam Chai and Kwan Sok Kay, the spouse of Timothy Tan Heng Han, Directors of the Company has interests:		
Hot & Roll Sdn Bhd		
-Sales	453	1,622
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	6	15
-Purchases	-	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	270	937
-Purchases	388	1,393
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	3,381	15,264
Transactions with companies in which Nareshchandra Gordhandas Nagrecha, a Director of the Company has interest:		
Shana Foods Limited		
-Sales	2,786	11,242
Rubicon Food Products Limited		
-Sales	961	5,622

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.

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

**14 Review of performance**

	3 months ended 31 Dec 2017 RM'000	3 months ended 31 Dec 2016 RM'000	Changes (%)	Year-to-date ended 31 Dec 2017 RM'000	Year-to-date ended 31 Dec 2016 RM'000	Changes (%)
Revenue	45,959	42,618	7.8%	196,282	186,948	5.0%
Profit before tax	6,985	9,647	-27.6%	36,053	41,540	-13.2%
Profit after tax	5,892	7,193	-18.1%	29,106	32,982	-11.8%
Profit attributable to ordinary equity holders of the parent	5,852	7,193	-18.6%	29,106	32,982	-11.8%

**Quarter 4, 2017 vs Quarter 4, 2016**

For the current quarter ended 31 December 2017, the Group recorded a revenue of RM46 million, 7.8% higher than the corresponding quarter ended 31 December 2016. The growth was driven by the North America and Europe performance which grew at 24% and 45% respectively.

Profit after tax for the Group decreased to RM5.9 million from RM7.2 million in the corresponding quarter ended 31 December 2016, mainly led by higher foreign currency loss (4Q 2017 - foreign currency loss of RM0.8 million, 4Q 2016 - foreign currency gain of RM2.8 million) and higher operation costs in the current quarter.

**Year-to-date, 2017 vs Year-to-date, 2016**

For the twelve months ended 31 December 2017, the Group registered a turnover of RM196 million, 5% higher than the previous year's corresponding period. The growth was driven by the Asia performance, grew at 14%, followed by both Malaysia and Europe performance, which grew at 9% each.

Profit after tax for the Group decreased by 12% or RM3.9 million compared to last year, mainly led by higher foreign currency loss (year 2017 - foreign currency loss of RM2.6 million, year 2016 - foreign currency gain of RM1.9 million) and higher operation costs in the current year.

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

**15 Variance of quarterly results compared to preceding quarter**

	Current Quarter 31 Dec 2017 RM'000	Immediate Preceding Quarter 30 Sep 2017 RM'000	Changes %
Revenue	45,959	47,710	-4%
Profit before tax	6,985	10,834	-36%
Profit after tax	5,892	8,804	-33%
Profit attributable to ordinary equity holders of the parent	5,892	8,814	-33%

The Group recorded a lower turnover of RM46 million and lower profit after tax of RM5.9 million for the current quarter under review compared to the immediate preceding quarter of RM47.7 million and RM8.8 million. The decrease were mainly due to lower oversea promotion and staff cost in the preceding quarter.

**16 Commentary on the prospect**

The new state of the art plant with the build up size of over 700,000 square foot in Pulau Indah is being commissioned and expected to be operational in the second quarter of 2018. This will increase the production capacity of the Group significantly. The research and development activities are continuous for new products which are planned to be manufactured in the new factory.

The Malaysia business environment is expected to remain challenging in year 2018. The Group will continue to focus in improving the Group's performance by innovating new products portfolio, broadening the distributor network to grow the Group's revenue and profitability.

**17 Variance of actual and profit forecast**

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

**18 Profit before tax**

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

	3 months ended 31 Dec 2017 RM'000	3 months ended 31 Dec 2016 RM'000	Year-to-date ended 31 Dec 2017 RM'000	Year-to-date ended 31 Dec 2016 RM'000
Interest income	(160)	(282)	(710)	(983)
Other income	(142)	(236)	(952)	(818)
Interest expense	41	-	160	25
Depreciation and amortisation	1,560	1,660	6,237	6,562
Net foreign exchange loss/(gain)	771	(2,831)	2,590	(1,923)
Loss on disposal of property, plant and equipment	61	-	89	17

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**(Incorporated in Malaysia)**

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

**19 Finance cost**

	3 months ended 31 Dec 2017 RM'000	3 months ended 31 Dec 2016 RM'000	Year-to-date ended 31 Dec 2017 RM'000	Year-to-date ended 31 Dec 2016 RM'000
Interest expense of financial liabilities that are -not at fair value through profit or loss:				
Term loans, secured	254	284	1,085	1,086
Other bank charges	48	86	228	410
	<u>302</u>	<u>370</u>	<u>1,313</u>	<u>1,496</u>
Recognised in profit or loss	89	86	388	435
Capitalised on qualifying assets: -property, plant and equipment	213	284	925	1,061
	<u>302</u>	<u>370</u>	<u>1,313</u>	<u>1,496</u>

**20 Taxation**

	3 months ended 31 Dec 2017 RM'000	Year-to-date ended 31 Dec 2017 RM'000
Tax expense		
-Current year	312	7,202
-Overprovision	-	(1,036)
	<u>312</u>	<u>6,166</u>
Deferred tax expense		
-origination and reversal of temporary differences	780	780
Total	<u>1,092</u>	<u>6,946</u>

The effective tax rate of the Group is lower than the statutory tax rate. This is mainly due to availability of tax incentive and overprovision of income tax in the previous year.

**21 Corporate Proposals**

On 4 July 2017, the Company announced its proposal to undertake a bonus issue of 89,879,940 new ordinary shares of the Company ("Bonus Share") to be credited as fully paid-up on the basis of one (1) Bonus Share for every three (3) existing shares of the Company. The proposal was approved by Bursa Malaysia Securities Berhad on 25 July 2017 and the shareholders of the Company at the Extraordinary General Meeting on 18 August 2017.

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

**22 Borrowings (secured)**

	As at 31 Dec 2017 RM'000	As at 31 Dec 2016 RM'000
Short term borrowings:		
in Malaysia Ringgit	3,622	3,622
in US Dollar	4,138	-
	<u>7,760</u>	<u>3,622</u>
Long term borrowings:		
in Malaysia Ringgit	<u>16,603</u>	<u>20,226</u>

**23 Material litigation**

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

**24 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.

**25 Earnings per share ("EPS")**

a) Basic earnings per share

	3 months ended 31 Dec 2017	3 months ended 31 Dec 2016	Year-to-date ended 31 Dec 2017	Year-to-date ended 31 Dec 2016
Profit attributable to equity holders of the parent (RM'000)	<u>5,852</u>	<u>7,193</u>	<u>29,106</u>	<u>32,982</u>
Weighted average number of ordinary shares in issue (units)	<u>359,519,760</u>	<u>359,519,760</u>	<u>359,519,760</u>	<u>359,519,760</u>
Basic earning per share (sen)	<u>1.63</u>	<u>2.00</u>	<u>8.10</u>	<u>9.17</u>

b) Diluted earnings per share

There are no diluted EPS as the Company does not have any convertible financial instrument as at the end of the current quarter under review.

By Order of the Board

Gan Thiam Chai  
Executive Chairman  
Date: 27 February 2018