

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Note	Individual Quarter		Cumulative Quarter	
		31.3.2023 RM'000	31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
Revenue	8	79,103	68,676	79,103	68,676
Cost of sales		(54,547)	(45,245)	(54,547)	(45,245)
Gross profit		24,556	23,431	24,556	23,431
Other income		1,510	1,330	1,510	1,330
Selling & distribution expenses		(10,136)	(8,906)	(10,136)	(8,906)
Administrative expenses		(6,600)	(6,122)	(6,600)	(6,122)
Finance costs	18	(93)	(100)	(93)	(100)
Share of loss of associate		(94)	-	(94)	-
Profit before tax	17	9,143	9,633	9,143	9,633
Income tax expense	19	(1,265)	(1,027)	(1,265)	(1,027)
Profit for the period		7,878	8,606	7,878	8,606
Other comprehensive income					
Exchange differences on translation of foreign operations		358	(463)	358	(463)
Total comprehensive income for the period		8,236	8,143	8,236	8,143
Profit attributable to:					
Owners of the company		7,878	8,604	7,878	8,604
Non-controlling interest ("NCI")		-	2	-	2
Profit for the period		7,878	8,606	7,878	8,606
Total comprehensive income attributable to:					
Owners of the company		8,236	8,141	8,236	8,141
Non-controlling interest		-	2	-	2
Total comprehensive income for the period		8,236	8,143	8,236	8,143
Earnings per share	25				
Basic (sen)		2.17	2.40	2.17	2.40
Diluted (sen)		2.17	2.39	2.17	2.39

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	31.3.2023 RM'000 Unaudited	31.12.2022 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		206,843	210,393
Right-of-use assets		17,007	17,051
Investment in an associate		7,717	7,848
Investment in a joint venture		1,616	1,616
Intangible asset		100	100
Deferred tax assets		-	464
		<u>233,283</u>	<u>237,472</u>
Current assets			
Trade and other receivables		75,177	72,547
Other investments		2,790	2,799
Inventories		38,287	42,034
Current tax assets		3,910	4,266
Prepayments		4,498	3,111
Cash and cash equivalents		97,355	98,582
		<u>222,017</u>	<u>223,339</u>
Total assets		<u><u>455,300</u></u>	<u><u>460,811</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	184,890	184,890
Treasury shares		(1,345)	(1,345)
Translation reserve		8,606	8,248
Share option reserve	21	-	-
Retained earnings		199,932	205,075
Equity attributable to owners of the Company		<u>392,083</u>	<u>396,868</u>
Non-controlling interests		-	-
Total equity		<u>392,083</u>	<u>396,868</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities		11,743	12,703
		<u>11,743</u>	<u>12,703</u>
Current liabilities			
Loan and borrowings	22	4,558	6,399
Trade and other payables		46,764	44,649
Current tax liabilities		152	192
		<u>51,474</u>	<u>51,240</u>
Total liabilities		<u>63,217</u>	<u>63,943</u>
Total equity and liabilities		<u><u>455,300</u></u>	<u><u>460,811</u></u>
Net assets per share attributable to owners of the Company (RM)			
		<u>1.09</u>	<u>1.10</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2023

	<-----Attributable to Owners of the Company----->							Non-Controlling Interests RM'000	Total Equity RM'000
	<----Non-distributable---->			Distributable					
	Share Capital RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Treasury shares RM	Retained Earnings RM'000	Sub Total RM'000			
(Audited)									
At 1 January 2022	179,760	10,883	480	-	177,221	368,344	658	369,002	
Net profit for the financial year	-	-	-	-	38,498	38,498	(21)	38,477	
Other comprehensive expense for the financial year	-	(2,635)	-	-	-	(2,635)	-	(2,635)	
Total comprehensive (expense)/income for the financial year	-	(2,635)	-	-	38,498	35,863	(21)	35,842	
Contributions by and distributions to owners									
- dividend to owners of the Company	-	-	-	-	(10,769)	(10,769)	-	(10,769)	
- issuance of ordinary shares pursuant to ESOS	5,130	-	(386)	-	-	4,744	-	4,744	
- share options granted under ESOS	-	-	31	-	-	31	-	31	
- share options lapsed	-	-	(125)	-	125	-	-	-	
- share buy-back	-	-	-	(1,345)	-	(1,345)	-	(1,345)	
- changes in ownership interest in a subsidiary	-	-	-	-	-	-	(637)	(637)	
At 31 December 2022	184,890	8,248	-	(1,345)	205,075	396,868	-	396,868	
(Unaudited)									
At 1 January 2023	184,890	8,248	-	(1,345)	205,075	396,868	-	396,868	
Net profit for the financial year	-	-	-	-	7,878	7,878	-	7,878	
Other comprehensive expense for the financial year	-	358	-	-	-	358	-	358	
Total comprehensive (expense)/income for the financial year	-	358	-	-	7,878	8,236	-	8,236	
Contributions by and distributions to owners									
- dividends to owners of the Company	-	-	-	-	(13,021)	(13,021)	-	(13,021)	
Acquisition of treasury shares	-	-	-	-	-	-	-	-	
At 31 March 2023	184,890	8,606	-	(1,345)	199,932	392,083	-	392,083	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

KAWAN FOOD BERHAD
(Registration No: 200401001942 (640445-V))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

	Unaudited 31.3.2023 RM'000	Unaudited 31.3.2022 RM'000
Cash flows from operating activities		
Profit before tax	9,143	9,633
Adjustments for:		
Depreciation and amortisation	4,798	4,802
Finance income from deposits	(274)	(336)
Finance costs	93	100
Impairment loss on trade receivables	-	68
Provision for slow moving inventories	-	59
Inventories written off	123	97
Gain on disposal of property, plant and equipment	-	(39)
Share of loss in an associate	94	-
Fair value loss on financial assets	9	211
Unrealised gain on foreign exchange	(1,191)	(268)
<i>Operating profit before working capital changes</i>	<u>12,795</u>	<u>14,327</u>
Changes in working capital:		
Inventories	3,624	(2,650)
Trade and other receivables, prepayments and other financial assets	(2,064)	(8,839)
Trade and other payables	1,791	4,515
<i>Cash generated from operations</i>	<u>16,146</u>	<u>7,353</u>
Income tax paid	(1,445)	(1,150)
Net cash from operating activities	<u>14,701</u>	<u>6,203</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment, net of interest capitalised	(1,168)	(689)
Proceeds from disposal of property, plant and equipment	-	55
Investment in unquoted shares	-	(1,000)
Finance income from deposits	274	336
Net cash generated from/(used in) investing activities	<u>(894)</u>	<u>(1,298)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(13,021)	(10,769)
Acquisition of treasury shares	-	(1,353)
Repayment of loans and borrowings	(1,773)	(1,955)
Finance cost on loans and borrowings	(93)	(100)
Net cash used in financing activities	<u>(14,887)</u>	<u>(14,177)</u>
Net decrease in cash and cash equivalents	(1,080)	(9,272)
Effect of changes in foreign exchange rate	(147)	(194)
Cash and cash equivalents at beginning of year	<u>98,582</u>	<u>88,601</u>
Cash and cash equivalents at end of year	<u>97,355</u>	<u>79,135</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

1 Basis of Preparation

The condensed consolidated interim financial statements ("interim financial statements") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022. These explanatory notes attached to the interim financial statement 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 financial year ended 31 December 2022.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2022 except the adoption of standards, interpretations and amendments to standards that are mandatory applied beginning on 1 January 2022 did not have any material impact on the financial statements of the Group.

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 Amendments to MFRS 108	Presentation of Financial Statements – Disclosure of Accounting Policies Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases – Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants

Effective date of these Amendments to Standards has been deferred, and yet to be announced

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 128	Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group and the Company upon their initial applications.

2 Qualification of financial statements

There was no qualification made on the preceding audited financial statements.

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 and financial period ended 31 March 2023.

5 Changes in estimates

There were no changes in estimates that have had any material effect during the current quarter and financial period ended 31 March 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

6 Debt and equity securities

The Company has implemented an Employee Share Option Scheme ("ESOS") of up to 15% of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible employees of the Group effective from 2 October 2018.

During the current quarter ended 31 March 2023, no options was exercised as the offer on 24 November 2021 was lapsed on 17 November 2022.

7 Dividends paid

The following dividends were paid during the current and previous financial year ended:

	31 Dec 2023	31 Dec 2022
First interim dividend		
For the financial year ended	31 Dec 2023	31 Dec 2022
Approval and declared on	22 Feb 2023	1 Mar 2022
Date paid	31 Mar 2023	30 Mar 2022
Number of ordinary shares on which dividends were paid ('000)	361,699	358,966
Interim dividend per share (single-tier)	3.6 sen	3.0 sen
Net dividend paid (RM'000)	13,021	10,769

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 2023	31 Mar 2022	Changes	31 Mar 2023	31 Mar 2022	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Malaysia	38,708	32,075	20.7%	38,708	32,075	20.7%
China	1,836	1,494	22.9%	1,836	1,494	22.9%
Rest of Asia	11,221	11,329	-1.0%	11,221	11,329	-1.0%
Europe	12,045	6,562	83.6%	12,045	6,562	83.6%
North America	12,612	14,066	-10.3%	12,612	14,066	-10.3%
Oceania	2,343	2,843	-17.6%	2,343	2,843	-17.6%
Africa	338	307	10.0%	338	307	10.0%
Consolidated	<u>79,103</u>	<u>68,676</u>	<u>15.2%</u>	<u>79,103</u>	<u>68,676</u>	<u>15.2%</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 up to the date of this report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

11 Capital commitments

The capital commitments of the Group as at 31 March 2023 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>2,227</u>

12 Related party transactions

The Group's related party transactions in the current quarter and the financial period ended 31 March 2022 are as follows:

	3 months ended 31 Mar 2023 RM'000	Year-to-date ended 31 Mar 2023 RM'000
Transaction with a company in which Gan Ka Bien, the daughter of Gan Thiam Chai and Kwan Sok Kay, being a Director of the Company has interest: Hot & Roll Holdings Sdn Bhd -Sales	<u>452</u>	<u>452</u>
Transactions with a company in which the daughter of Gan Thiam Chai and Kwan Sok Kay, and the son of Gan Thiam Hock has interests: GT Chain Sdn Bhd -Sales	<u>2</u>	<u>2</u>
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 -Purchases	<u>6</u> <u>467</u>	<u>6</u> <u>467</u>
Transactions with a company in which the daughters of Gan Thiam Chai and Kwan Sok Kay, including Gan Ka Bien and the son of Gan Thiam Hock have interests: Food Valley Sdn Bhd -Rental income	<u>110</u>	<u>110</u>
Transactions with companies in which Nareshchandra Gordhandas Nagrecha, a Major Shareholder and Former Director of the Company has interest; and Nareshchandra's associate En Abdul Razak Bin Shakor is a non independent non executive director in the Company Shana Foods Limited -Sales	<u>8,269</u>	<u>8,269</u>
Rubicon Food Products Limited -Sales	<u>1,393</u>	<u>1,393</u>
Transactions with a company in which the sons and the spouse of Gan Thiam Hock, a Director of the Company has interests: La-Vision Logistics Sdn Bhd -Provision of transportation services	<u>10</u>	<u>10</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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

13 Review of performance

	3 months ended 31 Mar 2023 ("1Q 2023") RM'000	3 months ended 31 Mar 2022 ("1Q 2022") RM'000	Changes (%)	Year-to-date ended 31 Mar 2023 (YTD 2023") RM'000	Year-to-date ended 31 Mar 2022 ("YTD 2022") RM'000	Changes (%)
Revenue	79,103	68,676	15.2%	79,103	68,676	15.2%
Profit before tax	9,143	9,633	-5.1%	9,143	9,633	-5.1%
Profit after tax	7,878	8,606	-8.5%	7,878	8,606	-8.5%
Profit attributable to owners of the Company	7,878	8,604	-8.4%	7,878	8,604	-8.4%

Comparison between 1Q 2023 with 1Q 2022

The Group reported higher revenue of RM79.1 million for the financial quarter ended 31 March 2023, compared to revenue of RM68.7 million in the preceding corresponding financial quarter. The increase in revenue for Q1 2023 mainly contributed from the local market and rising demand in Europe/Asia market. The Group's profit after tax decreased by 8.5% from RM8.6 million in Q1 2022 to RM7.9 million in 1Q 2023.

14 Variance of quarterly results compared to preceding quarter

	Current Quarter 31 Mar 2023 RM'000	Immediate Preceding Quarter 31 Dec 2022 RM'000	Changes %
Revenue	79,103	72,356	9.3%
Profit before tax	9,143	8,727	4.8%
Profit after tax	7,878	9,056	-13.0%
Profit attributable to owner of the Company	7,878	9,039	-12.8%

For the current quarter under review, the Group achieved revenue of RM79.1 million, an increase of 9.0% from the preceding quarter of RM72.4 million. The increase in revenue was mainly due to the recovery of export sales gradually. The Group reported a profit after tax of RM7.9 million in current quarter, a decrease of 13.0% from the preceding quarter of RM9.1 million.

15 Commentary on the prospect

While the global market outlook shows sign of recession, we foresee the Malaysian economy sustaining its momentum in the domestic demand on the back of various policy support and continued recovery in the tourism-related sub-sector.

The Group strives to remain competitive and seek opportunities to grow its business. Despite the challenges on inflationary pressure on production, the Group will continue to produce quality products and continuously improving the sustainability of its business to build a stronger and responsible company.

16 Variance of actual and profit forecast

The Group did not issue any profit forecast or profit guarantee for the current financial year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

17 Profit before tax

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

	3 months ended 31 Mar 2023 RM'000	3 months ended 31 Mar 2022 RM'000	Year-to-date ended 31 Mar 2023 RM'000	Year-to-date ended 31 Mar 2022 RM'000
Profit before tax is arrived at after charging/(crediting):				
Finance costs	93	100	93	100
Depreciation and amortisation	4,798	4,802	4,798	4,802
Foreign exchange gain	(414)	(319)	(414)	(319)
Impairment loss on trade receivables	-	68	-	68
Inventories written off	123	97	123	97
Provision for slow moving inventories	-	59	-	59
Fair value loss on financial assets	9	211	9	211
Interest income	(274)	(336)	(274)	(336)
Gain on disposal of property, plant and equipment	-	(39)	-	(39)

18 Finance cost

	3 months ended 31 Mar 2023 RM'000	3 months ended 31 Mar 2022 RM'000	Year-to-date ended 31 Mar 2023 RM'000	Year-to-date ended 31 Mar 2022 RM'000
Interest expense of financial liabilities that are -not at fair value through profit or loss:				
Term loans, secured	67	75	67	75
Other bank charges	26	25	26	25
	<u>93</u>	<u>100</u>	<u>93</u>	<u>100</u>

19 Income tax expense

	3 months ended 31 Mar 2023 RM'000	Year-to-date ended 31 Mar 2023 RM'000
Tax expense - Current year	780	780
Deferred tax expense		
-origination and reversal of temporary differences	485	485
Total	<u>1,265</u>	<u>1,265</u>

The effective tax rate for the Group for the quarter under review is lower than the statutory tax rate. This is mainly attributed to the reinvestment allowances available for set off against chargeable income.

20 Corporate Proposals

There were no corporate proposals announced as at date of this report.

21 Share Option Reserve

The fair value of equity-settled share options granted was estimated using Trinomial Option Pricing model, taking into account the terms and conditions upon which the options were granted.

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

During the quarter ended 31 March 2023, the Company does not have any share option reserve as there is no options unexercised.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

22 Borrowings (secured)

	As at 31 Mar 2023 RM'000	As at 31 Mar 2022 RM'000
Short term borrowings:		
in Malaysia Ringgit	1,207	3,584
in US Dollar	3,351	5,636
	<u>4,558</u>	<u>9,220</u>
Long term borrowings:		
in Malaysia Ringgit	<u>-</u>	<u>944</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 3.6 sen per ordinary share totalling RM13,021,188 in respect of the financial year ended 31 December 2023 has been declared and paid on 31 March 2023.

25 Earnings per share ("EPS")

a) Basic earnings per share

	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022	Year-to-date ended 31 Mar 2023	Year-to-date ended 31 Mar 2022
Profit attributable to equity holders of the parent (RM'000)	<u>7,878</u>	<u>8,604</u>	<u>7,878</u>	<u>8,604</u>
Weighted average number of ordinary shares in issue (units)	<u>362,581,760</u>	<u>358,637,660</u>	<u>362,581,760</u>	<u>358,637,660</u>
Basic earnings per share (sen)	<u>2.17</u>	<u>2.40</u>	<u>2.17</u>	<u>2.40</u>

b) Diluted earnings per share

	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022	Year-to-date ended 31 Mar 2023	Year-to-date ended 31 Mar 2022
Profit attributable to equity holders of the parent (RM'000)	<u>7,878</u>	<u>8,604</u>	<u>7,878</u>	<u>8,604</u>
Weighted average number of ordinary shares in issue (units)	<u>362,581,760</u>	<u>358,637,660</u>	<u>362,581,760</u>	<u>358,637,660</u>
Weighted average number of ordinary shares deemed to have been issued for exercise ESOS option (units)	<u>-</u>	<u>1,322,714</u>	<u>-</u>	<u>1,322,714</u>
Weighted average number of ordinary shares for diluted earnings per share computation (units)	<u>362,581,760</u>	<u>359,960,374</u>	<u>362,581,760</u>	<u>359,960,374</u>
Diluted earnings per share (sen)	<u>2.17</u>	<u>2.39</u>	<u>2.17</u>	<u>2.39</u>

By Order of the Board

Gan Thiam Chai
Executive Chairman
Date: 18 May 2023