

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	Individual Quarter		Cumulative Quarter	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue		77,042	67,453	165,450	146,556
Effects of MFRS 15		(5,950)	(5,179)	(13,716)	(10,587)
Net Revenue	8	71,092	62,274	151,734	135,969
Cost of sales		(47,497)	(45,675)	(105,032)	(100,222)
Gross profit		23,595	16,599	46,702	35,747
Other income		1,948	5,913	6,717	7,423
Selling & distribution expenses		(6,633)	(7,454)	(13,917)	(12,182)
Administrative expenses		(8,399)	(8,593)	(17,707)	(15,193)
Finance costs	18	(76)	(90)	(139)	(183)
Share of loss of associate		-	(79)	-	(173)
Profit before tax	17	10,435	6,296	21,656	15,439
Income tax expense	19	(2,021)	(592)	(4,018)	(1,857)
Profit for the period		8,414	5,704	17,638	13,582
Other comprehensive income					
Exchange differences on translation of foreign operations		34	(919)	57	(561)
Total comprehensive income for the period		8,448	4,785	17,695	13,021
Profit attributable to:					
Owners of the company		8,414	5,704	17,638	13,582
Non-controlling interest ("NCI")		-	-	-	-
Profit for the period		8,414	5,704	17,638	13,582
Total comprehensive income attributable to:					
Owners of the company		8,448	4,785	17,695	13,021
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		8,448	4,785	17,695	13,021
Earnings per share	25				
Basic (sen)		2.33	1.57	4.87	3.75
Diluted (sen)		2.30	1.57	4.81	3.75

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	30.06.2024 RM'000 Unaudited	31.12.2023 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		187,100	195,999
Right-of-use assets		16,607	16,887
Investment properties		7,629	7,702
Investment in a joint venture		2,600	2,600
Deferred tax assets		464	464
		<u>214,400</u>	<u>223,652</u>
Current assets			
Trade and other receivables		80,115	78,682
Investment in quoted shares		9,946	9,240
Inventories		37,538	36,430
Current tax assets		1,638	3,106
Prepayments		12,553	5,345
Cash and cash equivalents		100,056	104,302
		<u>241,846</u>	<u>237,105</u>
Total assets		<u>456,246</u>	<u>460,757</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	186,914	184,890
Treasury shares		(29,285)	(24,245)
Translation reserve		8,205	8,148
Share option reserve	21	1,979	2,190
Retained earnings		225,118	222,183
Equity attributable to owners of the Company		<u>392,931</u>	<u>393,166</u>
Non-controlling interests		-	-
Total equity		<u>392,931</u>	<u>393,166</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities		15,281	13,006
		<u>15,281</u>	<u>13,006</u>
Current liabilities			
Loan and borrowings	22	2,932	3,560
Trade and other payables		44,117	50,833
Current tax liabilities		985	192
		<u>48,034</u>	<u>54,585</u>
Total liabilities		<u>63,315</u>	<u>67,591</u>
Total equity and liabilities		<u>456,246</u>	<u>460,757</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.08</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2024**

	<-----Attributable to Owners of the Company----->						Non- Controlling Interests RM'000	Total Equity RM'000
	<---Non-distributable--->			Distributable				
(Audited)	Share Capital RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Treasury shares RM'000	Retained Earnings RM'000	Sub Total RM'000		
At 1 January 2023	184,890	8,248	-	(1,345)	205,075	396,868	-	396,868
Net profit for the financial year	-	-	-	-	30,129	30,129	-	30,129
Other comprehensive expense for the financial year	-	(100)	-	-	-	(100)	-	(100)
Total comprehensive (expense)/income for the financial year	-	(100)	-	-	30,129	30,029	-	30,029
Contributions by and distributions to owners								
- dividend to owners of the Company	-	-	-	-	(13,021)	(13,021)	-	(13,021)
- share options granted under ESOS	-	-	2,190	-	-	2,190	-	2,190
- share buy-back	-	-	-	(22,900)	-	(22,900)	-	(22,900)
At 31 December 2023	184,890	8,148	2,190	(24,245)	222,183	393,166	-	393,166
(Unaudited)								
At 1 January 2024	184,890	8,148	2,190	(24,245)	222,183	393,166	-	393,166
Net profit for the financial year	-	-	-	-	17,638	17,638	-	17,638
Other comprehensive expense for the financial year	-	57	-	-	-	57	-	57
Total comprehensive (expense)/income for the financial year	-	57	-	-	17,638	17,695	-	17,695
Contributions by and distributions to owners								
- dividends to owners of the Company	-	-	-	-	(14,703)	(14,703)	-	(14,703)
- issuance of ordinary shares pursuant to ESOS	2,024	-	(211)	-	-	1,813	-	1,813
- share buy-back	-	-	-	(5,040)	-	(5,040)	-	(5,040)
At 30 June 2024	186,914	8,205	1,979	(29,285)	225,118	392,931	-	392,931

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2024

	Unaudited 30.06.2024 RM'000	Unaudited 30.06.2023 RM'000
Cash flows from operating activities		
Profit before tax	21,656	15,439
Adjustments for:		
Depreciation and amortisation	9,729	9,234
Employee share scheme expenses	(211)	-
Finance income from deposits	(551)	(500)
Finance costs	139	183
Impairment loss on investment in an associate	-	600
Impairment loss on trade receivables	6	-
(Write back)/provision for slow moving inventories	1,272	-
Provision for inventories written off	351	-
Inventories written off	1,413	357
Loss/(gain) on disposal of property, plant and equipment	(7)	(3)
Share of loss in an associate	-	173
Fair value (gain)/ loss on financial assets	(706)	50
Unrealised gain on foreign exchange	(705)	(4,266)
<i>Operating profit before working capital changes</i>	<u>32,386</u>	<u>21,267</u>
Changes in working capital:		
Inventories	(4,144)	(1,062)
Trade and other receivables, prepayments and other financial assets	(8,647)	15,841
Trade and other payables	(6,716)	506
<i>Cash generated from operations</i>	<u>12,879</u>	<u>36,552</u>
Income tax paid	(1,122)	(242)
Income tax refund	1,084	-
Net cash from operating activities	<u>12,841</u>	<u>36,310</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment, net of interest capitalised	(477)	(1,372)
Proceeds from disposal of property, plant and equipment	7	3
Finance income from deposits	551	500
Investment in quoted shares	-	(7,000)
Net cash used in investing activities	<u>81</u>	<u>(7,869)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(14,703)	(13,021)
Share buy-back	(5,040)	-
Drawdown/(Repayment) of loans and borrowings	(628)	(1,992)
Finance cost on loans and borrowings	(139)	(183)
Issuance of new shares pursuant to Employees' share option scheme	2,024	-
Net cash generated from/(used in) financing activities	<u>(18,486)</u>	<u>(15,196)</u>
Net decrease in cash and cash equivalents	(5,564)	13,245
Effect of changes in foreign exchange rate	1,318	516
Cash and cash equivalents at beginning of year	<u>104,302</u>	<u>98,582</u>
Cash and cash equivalents at end of year	<u>100,056</u>	<u>112,343</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2024

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 2023. 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 2023.

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 2023 except the adoption of standards, interpretations and amendments to standards that are mandatory applied beginning on 1 January 2024 did not have any material impact on the financial statements of the Group.

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 7	Financial Instruments: Disclosures – Supplier Finance Arrangements
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
Amendments to MFRS 107	Statement of Cash Flows – Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 9	Classification and Measurement of Financial Instruments
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

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 30 June 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2024

5 Changes in estimates

There were no changes in estimates that have had any material effect during the current quarter and financial period ended 30 June 2024.

6 Debt and equity securities

The Company has implemented an Employee Share Option Scheme ("ESOS") of up to 15% of the Company's issued share capital (excluding treasury shares, if any) for the eligible employees of the Group effective from 2 October 2018. On 20 March 2023, the Company had announced the extension of the duration of the ESOS for another 5 years from 2 October 2023 to 1 October 2028.

The offer of ESOS options to eligible persons were as follows:

Date of Offer	Number of Options	Vesting period	Expiry of Options
26 Jul 2023	250,000	Not Applicable	31 Dec 2026
15 Sept 2023	9,320,000	after 31 Dec 2023	31 Dec 2026
15 Sept 2023	9,320,000	after 31 Dec 2024	31 Dec 2026
15 Sept 2023	9,320,000	after 31 Dec 2025	31 Dec 2026
22 Nov 2023	1,800,000	Not Applicable	31 Dec 2026

As at to date, the Company issued 1,097,183 new share due to ESOS options exercised.

7 Dividends paid

The dividends for financial year ended 31 December 2024 are paid on 2 April 2024 and previous financial year were paid as below:

	31 Dec 2024	31 Dec 2023
First interim dividend		
For the financial year ended	31 Dec 2024	31 Dec 2023
Approval and declared on	6 Mar 2023	22 Feb 2023
Payment Date	2 Apr 2024	31 Mar 2023
Number of ordinary shares on which dividends were paid ('000)	350,072	361,699
Interim dividend per share (single-tier)	4.2 sen	3.6 sen
Net dividend paid (RM'000)	14,703	13,021

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		
	30 June 2024	30 Jun 2023	Changes (%)	30 June 2024	30 Jun 2023	Changes (%)
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Malaysia	31,573	31,002	1.8%	71,773	65,774	9.1%
China	1,163	2,331	-50.1%	4,080	4,167	-2.1%
Rest of Asia	7,451	7,590	-1.8%	17,042	18,464	-7.7%
Europe	11,382	6,711	69.6%	18,872	18,415	2.5%
North America	16,063	11,536	39.2%	34,214	23,321	46.7%
Oceania	3,088	3,341	-7.6%	5,004	5,720	-12.5%
Africa	372	689	-46.0%	749	1,034	-27.6%
Consolidated	71,092	63,200	12.5%	151,734	136,895	10.8%

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2024

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.

11 Capital commitments

The capital commitments of the Group as at 30 June 2024 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>3,614</u>

12 Related party transactions

The Group's related party transactions in the current quarter and the financial period ended 30 June 2024 are as follows:

	3 months ended 30 June 2024 RM'000	Year-to-date ended 30 June 2024 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>547</u>	<u>1,015</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>-</u>	<u>-</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>2</u> <u>334</u>	<u>3</u> <u>732</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>111</u>	<u>221</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>10,124</u>	<u>16,916</u>
Rubicon Food Products Limited -Sales	<u>3,353</u>	<u>4,559</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>21</u>	<u>42</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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2024

13 Review of performance

	3 months ended 30 June 2024 ("2Q 2024") RM'000	3 months ended 30 Jun 2023 ("2Q 2023") RM'000	Changes (%)	Year-to-date ended 30 June 2024 (YTD 2024") RM'000	Year-to-date ended 30 Jun 2023 ("YTD 2023") RM'000	Changes (%)
Revenue	71,092	62,274	14.2%	151,734	135,969	11.6%
Profit before tax	10,435	6,296	65.7%	21,656	15,439	40.3%
Profit after tax	8,414	5,704	47.5%	17,638	13,582	29.9%
Profit attributable to owners of the Company	8,414	5,704	47.5%	17,638	13,582	29.9%

Comparison between 2Q 2024 with 2Q 2023

The Group reported higher revenue of RM71.1 million for the financial quarter ended 30 June 2024, compared to revenue of RM62.3 million in the preceding corresponding financial quarter. The increase in revenue for 2Q 2024 was mainly contributed from the export market with rising demand in Europe and North America markets. The Group's profit after tax increased by 47.5% from RM5.7 million in 2Q 2023 to RM8.4 million in 2Q 2024.

14 Variance of quarterly results compared to preceding quarter

	Current Quarter 30 June 2024 RM'000	Immediate Preceding Quarter 31 Mar 2024 RM'000	Changes %
Revenue	71,092	80,642	-11.8%
Profit before tax	10,435	11,221	-7.0%
Profit after tax	8,414	9,224	-8.8%
Profit attributable to owners of the Company	8,414	9,224	-8.8%

For the current quarter under review, the Group reported a revenue of RM71.1 million, a decrease of 11.8% from the preceding quarter of RM80.6 million. The decrease in revenue was mainly due to softer demand from local market after the high demand in first quarter for festive season. The Group reported a profit after tax of RM8.4 million in current quarter, a decrease of 8.8% from the preceding quarter of RM9.2 million.

15 Commentary on the prospect

The Malaysian economy expanded by 5.9% year on year in the Second Quarter driven by strong private-sector growth and a recovery in external demand. As the global economy is showing signs of increasing volatility, the Group will remain vigilant and adapt to market shifts and wider geopolitical/economic movements. We foresee a positive outlook in the Malaysian economy to sustain the demand for our local sales.

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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2024

17 Profit before tax

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

	3 months ended 30 June 2024 RM'000	3 months ended 30 Jun 2023 RM'000	Year-to-date ended 30 June 2024 RM'000	Year-to-date ended 30 Jun 2023 RM'000
Profit before tax is arrived at after charging/(crediting):				
Finance costs	76	90	139	183
Depreciation and amortisation	4,848	4,436	9,729	9,234
Foreign exchange loss/(gain)	611	(3,334)	(1,601)	(3,748)
Loss on disposal of an associate	-	600	-	600
Impairment loss/(write back) on trade receivables	6	-	6	-
Inventories written off	587	234	1,413	357
(Write back)/provision for inventories written off	(163)	-	351	-
(Write back)/provision for slow moving inventories	(71)	-	1,272	-
Fair value (gain)/ loss on financial assets	(384)	41	(706)	50
Interest income	(295)	(226)	(551)	(500)
Gain on disposal of property, plant and equipment	(7)	(3)	(7)	(3)

18 Finance cost

	3 months ended 30 June 2024 RM'000	3 months ended 30 Jun 2023 RM'000	Year-to-date ended 30 June 2024 RM'000	Year-to-date ended 30 Jun 2023 RM'000
Interest expense of financial liabilities that are -not at fair value through profit or loss:				
Term loans, secured	32	64	69	131
Other bank charges	44	26	70	52
	<u>76</u>	<u>90</u>	<u>139</u>	<u>183</u>

19 Income tax expense

	3 months ended 30 June 2024 RM'000	Year-to-date ended 30 June 2024 RM'000
Tax expense - Current year	866	2,673
Deferred tax expense -origination and reversal of temporary differences	1,155	1,345
Total	<u>2,021</u>	<u>4,018</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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 30 JUNE 2024

22 Borrowings (secured)

	As at 30 June 2024 RM'000	As at 30 Jun 2023 RM'000
Short term borrowings:		
in Malaysia Ringgit	-	302
in RMB	2,932	3,532
in US Dollar	-	573
	<u>2,932</u>	<u>4,407</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 4.2 sen per ordinary share totalling RM14,703,023 in respect of the financial year ended 31 December 2024 has been declared and paid on 27 March 2024.

25 Earnings per share ("EPS")

a) Basic earnings per share

	3 months ended 30 June 2024	3 months ended 30 Jun 2023	Year-to-date ended 30 June 2024	Year-to-date ended 30 Jun 2023
Profit attributable to equity holders of the parent (RM'000)	8,414	5,704	17,638	13,582
Weighted average number of ordinary shares in issue (units)	361,723,520	362,581,760	362,309,210	362,581,760
Basic earnings per share (sen)	<u>2.33</u>	<u>1.57</u>	<u>4.87</u>	<u>3.75</u>

b) Diluted earnings per share

	3 months ended 30 June 2024	3 months ended 30 Jun 2023	Year-to-date ended 30 June 2024	Year-to-date ended 30 Jun 2023
Profit attributable to equity holders of the parent (RM'000)	8,414	5,704	17,638	13,582
Weighted average number of ordinary shares in issue (units)	361,723,520	362,581,760	362,309,210	362,581,760
Weighted average number of ordinary shares deemed to be issued for exercise ESOS option (units)	4,409,626	-	4,409,626	-
Weighted average number of ordinary shares for diluted earnings per share computation (units)	<u>366,133,146</u>	<u>362,581,760</u>	<u>366,718,836</u>	<u>362,581,760</u>
Diluted earnings per share (sen)	<u>2.30</u>	<u>1.57</u>	<u>4.81</u>	<u>3.75</u>

By Order of the Board

Gan Thiam Chai
Executive Chairman
Date: 20 August 2024