

KHEE SAN BERHAD (304376-A)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2008**

	<u>Note</u>	Individual Period		Cumulative Period	
		Current Year Quarter Ended 30.6.2008 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.6.2007 RM'000 (Unaudited)	Current Year-to- Date 30.6.2008 RM'000 (Unaudited)	Preceding Year Corresponding Year Ended 30.6.2007 RM'000 (Audited)
REVENUE		19,916	19,032	66,811	70,496
COST OF SALES		(17,001)	(17,751)	(60,673)	(63,389)
GROSS PROFIT		2,915	1,281	6,138	7,107
OTHER OPERATING INCOME		548	407	1,062	900
OPERATING EXPENSES		(2,590)	(2,641)	(7,941)	(8,800)
FINANCE COSTS		(203)	(136)	(595)	(579)
PROFIT/(LOSS) BEFORE TAXATION BEFORE EXCEPTIONAL ITEM		670	(1,089)	(1,336)	(1,372)
EXCEPTIONAL ITEM - GAIN ON DISPOSAL OF SUBSIDIARIES		-	-	2,379	-
PROFIT/(LOSS) BEFORE TAXATION AFTER EXCEPTIONAL ITEM		670	(1,089)	1,043	(1,372)
TAXATION	18	718	506	578	490
PROFIT/(LOSS) AFTER TAXATION		1,388	(583)	1,621	(882)
ATTRIBUTABLE TO:					
Equity holders of the parent		1,388	(583)	1,621	(882)
Minority interests		-	-	-	-
PROFIT/(LOSS) AFTER TAXATION		1,388	(583)	1,621	(882)
EARNINGS/(LOSS) PER SHARE (SEN)					
- Basic	26	2.31	(0.97)	2.70	(1.47)
- Diluted		N/A	N/A	N/A	N/A

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements)

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**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2008**

	<u>Note</u>	As at end of current year quarter ended 30.06.2008 RM'000 (Unaudited)	As at preceding financial year ended 30.06.2007 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		40,737	40,374
Investment property		3,410	3,410
Deferred Tax Asset		21	56
Intangible assets		1,600	0
		<u>45,768</u>	<u>43,840</u>
CURRENT ASSETS			
Asset held for sale		42	-
Inventories		10,777	9,146
Trade receivables		11,920	10,001
Other receivables		8,891	3,341
Fixed deposits, cash and bank balances		3,307	11,746
		<u>34,937</u>	<u>34,234</u>
TOTAL ASSETS		<u>80,705</u>	<u>78,074</u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital		60,000	60,000
Merger Reserve		(17,444)	(17,444)
Retained Profit		13,356	11,735
Exchange Fluctuation Reserve		-	2,356
TOTAL EQUITY		<u>55,912</u>	<u>56,647</u>
NON-CURRENT AND DEFERRED LIABILITIES			
Long-term borrowings	22	-	-
Deferred Taxation		1,632	2,325
Provision for retirement benefits		-	226
		<u>1,632</u>	<u>2,551</u>
CURRENT LIABILITIES			
Trade payables		9,789	5,637
Other payables		2,241	3,559
Short-term borrowings	22	11,131	9,680
		<u>23,161</u>	<u>18,876</u>
TOTAL LIABILITIES		<u>24,793</u>	<u>21,427</u>
TOTAL EQUITY AND LIABILITIES		<u>80,705</u>	<u>78,074</u>
Net Assets per share (sen)		93.19	94.41

(The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements)

KHEE SAN BERHAD (304376-A)
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2008**

	Current year to date 30.6.2008 RM'000 (Unaudited)	Corresponding period ended 30.6.2007 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation and exceptional item	(1,336)	(1,372)
Exceptional item	2,379	-
	<u>1,043</u>	<u>(1,372)</u>
Adjustments for:-		
Non-cash items	386	4,173
	<u>1,429</u>	<u>2,801</u>
Operating profits before working capital changes		
Net change in current assets	(8,423)	(3,610)
Net change in current liabilities	4,555	32
	<u>(2,439)</u>	<u>(777)</u>
Cash generated from operations		
Other operating activities	(458)	(207)
	<u>(2,897)</u>	<u>(984)</u>
NET CASH FOR OPERATING ACTIVITIES		
NET CASH FOR INVESTING ACTIVITIES	(6,992)	877
NET CASH FOR FINANCING ACTIVITIES	141	(2,739)
	<u>(9,748)</u>	<u>(2,846)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	67
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	8,924	11,703
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(824)</u>	<u>8,924</u>
NOTES TO CASH FLOW STATEMENTS		
Cash and cash equivalents comprise:-		
Fixed deposits, cash and bank balances	3,307	11,746
Bank overdrafts	(4,131)	(2,822)
	<u>(824)</u>	<u>8,924</u>

(The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for financial the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2008**

	← Attributable to equity holders of the parent →					Total RM'000
	← Non - Distributable →		Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Minority Interest RM'000	
Balance at 1 July 2007	60,000	(17,444)	2,356	11,735	-	56,647
Profit after taxation for the financial period	-	-	-	1,621	-	1,621
Exchange fluctuation reserve realised upon disposal of subsidiaries	-	-	(2,356)	-	-	(2,356)
Balance at 30 June 2008	60,000	(17,444)	-	13,356	-	55,912
Balance at 1 July 2006 - As restated	60,000	(17,444)	2,288	14,369	-	59,213
Profit after taxation for the financial year	-	-	-	(882)	-	(882)
Dividend - FY 2006	-	-	-	(1,752)	-	(1,752)
Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	68	-	-	68
Balance at 30 June 2007	60,000	(17,444)	2,356	11,735	-	56,647

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134

1. Basis Of Preparation

The interim financial statement is unaudited and has been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting (Formerly known as MASB 26) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007. 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 financial year ended 30 June 2007.

The accounting policies and methods of computation adopted in this quarterly financial statement of the Group are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2007.

2. Status Of Audit Qualification

The audited financial statement for the year ended 30 June 2007 was not subject to any qualification.

3. Seasonal Or Cyclical Factors

The results of the Group are not subject to any seasonal or cyclical factors.

4. Nature And Amount Of Exceptional And Extraordinary Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 2008.

5. Changes In Estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

6. Debt And Equity Securities

During the financial period, there were no issuances, cancellation, repurchases or resale of debt and equity securities.

7. Dividend

There was no dividend paid for the current quarter.

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8. Segment Information

Segment analysis for the current financial year-to-date:-

Year Ended 30 June 2008	Investment Holding RM'000	Manufacturing And Trading RM'000	Eliminations RM'000	Group RM'000
REVENUE:				
External	-	66,811	-	66,811
Internal	350	31,274	(31,624)	-
TOTAL	350	98,085	(31,624)	66,811
RESULTS:				
Profit Before Taxation				1,043
Taxation				578
Loss After Taxation before Exceptional Item				1,621

The Group's operations are mainly in the manufacture and trading of sweets and confectionery.

9. Revaluation of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without any amendments from the previous annual financial statements.

10. Material Subsequent Events

There have been no material events subsequent to the end of the quarter that have not been reflected in the financial statements.

11. Changes In The Composition Of The Group

As announced to Bursa Malaysia on 31 December, 2007, the Group has disposed its entire equity interest in a wholly owned subsidiary, Khee San International (HK) Limited for a cash consideration totaling RM4.00.

12. Changes In Contingent Liabilities/Assets

There is a contingent liability amounting to approximately RM11 million being corporate guarantees given to financial institutions for banking facilities granted to a subsidiary company.

13. Capital Commitments

	RM'000
Capital expenditure authorised and contracted for but not provided in the financial statements as at 30 June, 2008 in respect of purchase of property, plant and equipment, approximately	<u>486</u>

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review Of Performance

Turnover of the Group increased to RM19.916 million for the current quarter which represents 4.64% increase over that of RM19.032 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before taxation of RM670,000 as compared to the result of the same period last year of loss before taxation of RM1.09 million due to write back of certain provisions no longer required.

15. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

	Current Year Quarter 30.6.2008 RM'000	Immediate Preceding Quarter 31.3.2008 RM'000	% +/-
Turnover	19,916	17,731	+12.32
Profit/(Loss) before taxation	<u>670</u>	<u>(1,394)</u>	+148.06

The Group achieved a higher turnover of RM19.916 million in the fourth quarter ended 30 June 2008 representing 12.32% increase over the preceding quarter. Profit before taxation increased by 148.06% in the fourth quarter under review as compared to the preceding quarter due to write back of certain provisions no longer required.

16. Current Year Prospects

The year ended 30 June 2008 as expected is challenging. However, the management shall continue its endeavour to ensure that the marketing strategies adopted will put the Group in a better stead for 2009.

17. Variance From Profit Forecast

As the Group has not provided any profit forecast or profit guarantee, no explanatory notes will be provided.

18. Taxation

	Current Year Quarter 30.6.2008 RM'000	Current Year To Date 30.6.2008 RM'000
Current taxation:		
Estimate for the period/year	(164)	76
Underprovision in prior years	4	4
Deferred taxation :		
Transferred from deferred tax	(558)	(658)
	<u>(718)</u>	<u>(578)</u>

The effective tax rate for the current quarter was lower than the statutory tax rate principally due to utilisation of unabsorbed capital allowances brought forward available for set-off against taxable business income of one of the subsidiary companies and inclusion of certain income not subject to income tax.

19. Profit On Sale Of Unquoted Investments Or Properties

There was no sale of unquoted investment or sales of properties for the current quarter and financial year-to-date.

20. Purchase Or Disposal Of Quoted Securities

There were no purchase or sale of quoted securities in the current quarter under review.

21. Corporate Proposals

There were no new corporate proposals that have been announced by the Company as at date of this report.

22. Group Borrowings And Debt Securities

	30.6.2008 The Group RM'000
Short term borrowings:	
Bank overdrafts	4,131
Bankers' acceptance	7,000
	<u>11,131</u>
Long term borrowing:	<u>-</u>
	<u>11,131</u>

Bank overdraft and trade facilities of one of the subsidiary companies are secured by corporate guarantees given by the Company.

23. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 25 August 2008.

24. Material Litigation

There was no pending material litigation against the Group as at 25 August 2008.

25. Proposed Dividend

The Board does not recommend any interim dividend for the fourth quarter ended 30 June 2008.

26. Earnings Per Share

The earnings per share is calculated by dividing the Group's profit after taxation for the financial period over the number of ordinary shares in issue during the financial period as follows:-

	Current Quarter 30.6.2008	Year to Date 30.6.2008
Profit after taxation (RM'000)	1,388	1,621
Number of ordinary shares in issue ('000)	60,000	60,000
Basic earnings per share (sen)	<u>2.31</u>	<u>2.70</u>

BY ORDER OF THE BOARD

Dato' Panglima Kubu Haji Mohd. Yusoff bin Haji Amin
Chairman, Audit Committee
KHEE SAN BERHAD
Dated :