

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

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

1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting 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 2008. 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 2008.

The accounting policies and methods of computation adopted in this quarterly financial statements of the Group are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2008.

2. Status Of Audit Qualification

The audited financial statements for the year ended 30 June 2008 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 31 December 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.

8. Segment Information

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

Period Ended 31 December 2008	Investment Holding RM'000	Manufacturing And Trading RM'000	Eliminations RM'000	Group RM'000
REVENUE:				
External	-	31,035	-	31,035
Internal	-	16,082	(16,082)	-
TOTAL	-	47,117	(16,082)	31,035
RESULTS:				
Profit Before Taxation				894
Taxation				3
Profit After Taxation				897

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

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

12. Changes In Contingent Liabilities / Assets

There is a contingent liability amounting to approximately RM16.7 million being corporate guarantees given to financial institutions for banking facilities granted to a subsidiary company.

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

13. Review Of Performance

Turnover of the Group increased to RM14.453 million for the current quarter which represents 4.80% decrease over that of RM15.183 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before taxation of RM549,000 as compared to the result of the same period last year of profit before taxation of RM397,000, due to the better marketing strategies adopted by the Group bearing positive result.

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

	Current Year Quarter 31.12.2008 RM'000	Immediate Preceding Quarter 30.09.2008 RM'000	% +/-
Turnover	14,453	16,582	-12.84
Profit before taxation	<u>549</u>	<u>345</u>	+59.13

The Group achieved a lower turnover of RM14.453 million in the second quarter ended 31 December 2008 representing a 12.84% decrease over that of the preceding quarter. Profit before taxation increased by 59.13% in the second quarter under review as compared to the preceding quarter. This performance is

within the Group's expectation. The following quarter for the period ending 31 March, 2009 should improve further.

15. Prospects for the Current Financial Year

The year ending 30 June 2009 shall be a challenging year. The management shall continue its endeavour to ensure that the marketing strategies adopted will put the Group in a better stead for 2009.

16. Variance From Profit Forecast

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

17. Taxation

	Current Year Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2008 RM'000
Income taxation:		
Estimate for the period	18	28
Overprovision in prior year	(80)	(80)
Deferred taxation :		
Transferred from deferred tax	21	49
	<u>(41)</u>	<u>(3)</u>

18. Profit On Sale Of Unquoted Investments Or Properties

Other than the disposal of a property at net book value of RM42,000 for a consideration of RM77,000 in the previous financial quarter, there were no sale of investment and/or properties in for the current financial quarter under review.

19. Purchase Or Disposal Of Quoted Securities

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

20. Corporate Proposals

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

21. Group Borrowings And Debt Securities

	31.12.2008 The Group RM'000
Short term borrowings:	
Bank overdrafts	6,061
Bankers' acceptance	10,262
Hire-purchase creditors	1,953
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	18,276
Long term borrowing	
Hire-purchase creditors	7,140
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	25,416
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Bank overdrafts and trade facilities of a subsidiary companies are secured by corporate guarantees given by the Company and a negative pledge over the unencumbered assets of the subsidiary company.

22. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 23 February 2008.

23. Material Litigation

Other than as disclosed below, there was no pending material litigation against the Group as at 23 February 2008.

There is a third party claim against a subsidiary since 1982 for a commission on sales of approximately RM2 million, before interest and other costs. Based on legal advice, the directors are of the opinion that the outcome will be in favour of the subsidiary and therefore no provision is required.

24. Proposed Dividend

No interim dividend is proposed for this quarter under review.

25. 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 31.12.2008	Year to Date 31.12.2008
Profit after taxation (RM'000)	590	897
Number of ordinary shares in issue ('000)	60,000	60,000
Basic earnings per share (sen)	0.98	1.50

**BY ORDER OF THE BOARD
KHEE SAN BERHAD**

**DATO' PANGLIMA KUBU HAJI
MOHD YUSOFF BIN HAJI AMIN**
Director

Dated :