

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009**

The results of Khee San Berhad for the period ended 30 September 2009 are as follows:-

	<u>Note</u>	Individual Period		Cumulative Period	
		Current Year Quarter Ended 30.09.2009 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.09.2008 RM'000 (Unaudited)	Current Year-to- Date 30.09.2009 RM'000 (Unaudited)	Preceding Year Corresponding Period Ended 30.09.2008 RM'000 (Unaudited)
REVENUE	8	15,735	16,582	15,735	16,582
COST OF SALES		(13,998)	(14,316)	(13,998)	(14,316)
GROSS PROFIT		1,737	2,266	1,737	2,266
OTHER OPERATING INCOME		163	364	163	364
OPERATING EXPENSES		(925)	(2,073)	(925)	(2,073)
FINANCE COSTS		(342)	(212)	(342)	(212)
PROFIT BEFORE INCOME TAX		633	345	633	345
INCOME TAX EXPENSE	17	(101)	(38)	(101)	(38)
PROFIT AFTER INCOME TAX		532	307	532	307
ATTRIBUTABLE TO:					
Equity holders of the parent		532	307	532	307
Minority interests		-	-	-	-
PROFIT AFTER INCOME TAX		532	307	532	307
EARNINGS PER SHARE (SEN)					
- Basic	25	0.89	0.51	0.89	0.51
- 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 2009 and the accompanying explanatory attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2009**

	<u>Note</u>	As at end of current year quarter ended 30.09.2009 RM'000 (Unaudited)	As at preceding financial year ended 30.06.2009 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		66,890	66,000
Investment property		3,410	3,410
Intangible assets		1,600	1,600
		71,900	71,010
CURRENT ASSETS			
Inventories		16,501	15,173
Trade and other receivables		8,863	6,923
Amount due from ultimate holding company		10,604	10,489
Fixed deposits, cash and bank balances		3,063	3,121
		39,031	35,706
TOTAL ASSETS		110,931	106,716
EQUITY AND LIABILITIES			
EQUITY			
Share Capital		60,000	60,000
Merger Reserve		(17,444)	(17,444)
Revaluation reserve		12,102	12,102
Retained Profit		15,621	15,089
TOTAL EQUITY		70,279	69,747
NON-CURRENT AND DEFERRED LIABILITIES			
Deferred Income Tax Liabilities		2,232	2,132
Long-term borrowings		9,074	7,755
		11,306	9,887
CURRENT LIABILITIES			
Trade and other payables		14,350	14,959
Short-term borrowings	21	14,996	12,123
		29,346	27,082
TOTAL LIABILITIES		40,652	36,969
TOTAL EQUITY AND LIABILITIES		110,931	106,716
Net Assets per share (sen)		117.13	116.25

(The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009**

← Attributable to equity holders of the parent →
← Non - Distributable → Distributable

	Share Capital RM'000	Merger Reserve RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Total RM'000
Balance at 1 July 2009	60,000	(17,444)	12,102	15,089	69,747
Profit after income tax for the financial period	-	-	-	532	532
Balance at 30 September 2009	<u>60,000</u>	<u>(17,444)</u>	<u>12,102</u>	<u>15,621</u>	<u>70,279</u>
Balance at 1 July 2008	60,000	(17,444)	-	13,356	55,912
Profit after income tax for the financial period	-	-	-	307	307
Balance at 30 September 2008	<u>60,000</u>	<u>(17,444)</u>	<u>-</u>	<u>13,663</u>	<u>56,219</u>

(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 2009 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009**

	Current Year to Date 30.09.2009 RM'000 (Unaudited)	Corresponding Period Ended 30.09.2008 RM'000 (Unaudited)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before income tax	633	345
Adjustments for:-		
Non-cash items	848	738
Operating profits before working capital changes	<u>1,481</u>	<u>1,083</u>
Net change in current assets	(3,293)	2,080
Net change in current liabilities	(609)	4,147
Cash (absorbed by)/generated from operations	<u>(2,421)</u>	<u>7,310</u>
Other operating activities	(421)	(272)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	<u>(2,842)</u>	<u>7,038</u>
NET CASH USED IN INVESTING ACTIVITIES	(176)	(10,735)
NET CASH PROVIDED BY FINANCING ACTIVITIES	802	3,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,216)</u>	<u>(697)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,538	(824)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>322</u>	<u>(1,521)</u>
NOTES TO CASH FLOW STATEMENTS		
Cash and cash equivalents comprise:-		
Fixed deposits, cash and bank balances	3,063	5,893
Bank overdrafts	(2,741)	(7,414)
	<u>322</u>	<u>(1,521)</u>

(The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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 (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 2009. 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 2009.

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 2009.

2. Status Of Audit Qualification

The audited financial statements for the year ended 30 June 2009 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 September 2009.

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 30 September 2009	Investment Holding RM'000	Manufacturing And Trading RM'000	Group RM'000
REVENUE:			
- Export	-	5,860	5,860
- Local	-	9,875	9,875
TOTAL	-	15,735	15,735
RESULTS:			
(Loss)/Profit Before Income Tax	(52)	685	633
Income Tax Expense	-	(101)	(101)
Profit After Income Tax			532

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 RM24.1 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 decreased to RM15.735 million for the current quarter which represents 5.1% decrease over that of RM16.582 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM633,000 as compared to the result of the same period last year of profit before income tax of RM345,000, due to better operating 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 30.09.2009 RM'000	Immediate Preceding Quarter 30.06.2009 RM'000	% +/-
Turnover	15,735	17,614	-10.67
Profit before income tax	<u>633</u>	<u>908</u>	-30.29

The Group achieved a lower turnover of RM15.735million in the first quarter ended 30 September 2009 representing a 10.67% decrease over that of the preceding quarter. Profit before income tax reduced by 30.29% in the first 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 December, 2009 should improve further.

15. Prospects for the Current Financial Year

The year ending 30 June 2010 shall be another challenging year. The management shall continue its endeavour to ensure that the marketing strategies adopted will put the Group in a better stead for 2010.

16. Variance From Profit Forecast

The Group has not made any profit forecast or profit guarantee for the period under review.

17. Income tax expense

	Current Year Quarter 30.09.2009 RM'000	Current Year To Date 30.09.2009 RM'000
Income tax liabilities:		
Estimate for the period	1	1
Deferred income tax :		
Transferred from deferred income tax	100	100
	<u>101</u>	<u>101</u>

18. Profit On Sale Of Unquoted Investments Or Properties

There were no sale of investment and/or properties 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

Other than the establishment of an Employees' Share Option Scheme of up to 15% of the issued and paid-up share capital of the Company, approved at the Extraordinary General Meeting held on 11th November, 2009, 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

	30.09.2009 The Group RM'000
Short term borrowings:	
Bank overdrafts	2,741
Bankers' acceptance	9,312
Hire-purchase creditors	2,943
	<hr/>
	14,996
Long term borrowing	
Hire-purchase creditors	9,074
	<hr/>
	24,070
	<hr/>

Bank overdrafts and credit facilities of a subsidiary companies are secured by corporate guarantees given by the Company.

22. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at 20 November 2009.

23. Material Litigation

There was no pending material litigation against the Group as at 20 November 2009.

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 income for the financial period over the number of ordinary shares in issue during the financial period as follows:-

	Current Quarter 30.09.2009	Year to Date 30.09.2009
Profit after income tax (RM'000)	532	532
Number of ordinary shares in issue ('000)	60,000	60,000
Basic earnings per share (sen)	<u>0.89</u>	<u>0.89</u>

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

**HUANG YAN TEO
Independent Non-Executive Director
Audit Committee Chairman**