

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009**

The results of Khee San Berhad for the period ended 31 December 2009 are as follows:-

	<u>Note</u>	Individual Period		Cummulative Period	
		Current Year Quarter Ended 31.12.2009 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.12.2008 RM'000 (Unaudited)	Current Year-to- Date 31.12.2009 RM'000 (Unaudited)	Preceding Year Corresponding Period Ended 31.12.2008 RM'000 (Unaudited)
REVENUE	8	19,017	14,453	34,752	31,035
COST OF SALES		(16,911)	(11,980)	(30,909)	(26,296)
GROSS PROFIT		2,106	2,473	3,843	4,739
OTHER OPERATING INCOME		65	216	228	580
OPERATING EXPENSES		(1,198)	(1,779)	(2,123)	(3,852)
FINANCE COSTS		(354)	(361)	(696)	(573)
PROFIT BEFORE INCOME TAX		619	549	1,252	894
INCOME TAX EXPENSE	17	(74)	41	(175)	3
PROFIT AFTER INCOME TAX		545	590	1,077	897
ATTRIBUTABLE TO:					
Equity holders of the parent		545	590	1,077	897
Minority interests		-	-	-	-
PROFIT AFTER INCOME TAX		545	590	1,077	897
EARNINGS PER SHARE (SEN)					
- Basic	25	0.91	0.98	1.80	1.50
- Diluted	25	0.79	N/A	1.56	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 31 DECEMBER 2009**

<u>Note</u>	As at end of current year quarter ended 31.12.2009 RM'000 (Unaudited)	As at preceding financial year ended 30.06.2009 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
	75,369	66,000
	3,410	3,410
	1,600	1,600
	80,379	71,010
CURRENT ASSETS		
	14,510	15,173
	10,021	6,923
	10,937	10,489
	2,914	3,121
	38,382	35,706
	118,761	106,716
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
	60,000	60,000
	(17,444)	(17,444)
	12,102	12,102
	16,166	15,089
	70,824	69,747
NON-CURRENT AND DEFERRED LIABILITIES		
	2,282	2,132
21	10,009	7,755
	12,291	9,887
CURRENT LIABILITIES		
	15,786	14,959
21	19,860	12,123
	35,646	27,082
	47,937	36,969
	118,761	106,716
	118.04	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 SECOND QUARTER ENDED 31 DECEMBER 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	-	-	-	1,077	1,077
Balance at 31 December 2009	<u>60,000</u>	<u>(17,444)</u>	<u>12,102</u>	<u>16,166</u>	<u>70,824</u>
Balance at 1 July 2008	60,000	(17,444)	-	13,356	55,912
Profit after income tax for the financial period	-	-	-	897	897
Balance at 31 December 2008	<u>60,000</u>	<u>(17,444)</u>	<u>-</u>	<u>14,253</u>	<u>56,809</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 SECOND QUARTER ENDED 31 DECEMBER 2009**

	Current Year to Date 31.12.2009 RM'000 (Unaudited)	Corresponding Period Ended 31.12.2008 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	1,252	894
Adjustments for:- Non-cash items	1,692	1,726
Operating profits before working capital changes	<u>2,944</u>	<u>2,620</u>
Net change in current assets	(2,711)	(2,068)
Net change in current liabilities	827	(1,938)
Cash generated from/(absorbed by) operations	<u>1,060</u>	<u>(1,386)</u>
Other operating activities	(856)	(710)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	<u>204</u>	<u>(2,096)</u>
NET CASH USED IN INVESTING ACTIVITIES	(5,805)	(2,705)
NET CASH PROVIDED BY FINANCING ACTIVITIES	199	3,012
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(5,402)</u>	<u>(1,789)</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>(2,864)</u>	<u>(2,613)</u>
NOTES TO CASH FLOW STATEMENTS		
Cash and cash equivalents comprise:-		
Fixed deposits, cash and bank balances	2,914	3,448
Bank overdrafts	(5,778)	(6,061)
	<u>(2,864)</u>	<u>(2,613)</u>

Property, plant and equipment at aggregate cost of RM10,401,000 (2008-RM12,124,000) was acquired during the financial period of which RM4,596,000 (2008-RM9,342,000) was acquired by means of hire-purchase.

(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 31 DECEMBER 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 31 December 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 31 December 2009	Investment Holding RM'000	Manufacturing And Trading RM'000	Group RM'000
REVENUE:			
- Export	-	14,627	14,627
- Local	-	20,125	20,125
TOTAL	-	34,752	34,752
RESULTS:			
(Loss)/Profit Before Income Tax	(270)	1,522	1,252
Income Tax Expense	-	(175)	(175)
Profit After Income Tax			1,077

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 RM29.9 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 RM19.017 million for the current quarter which represents 31.6% increase over that of RM14.453 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM619,000 as compared to the result of the same period last year of profit before income tax of RM549,000, 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 31.12.2009 RM'000	Immediate Preceding Quarter 30.09.2009 RM'000	% +/-
Turnover	19,017	15,735	+20.86
Profit before income tax	<u>619</u>	<u>633</u>	-2.21

The Group achieved a higher turnover of RM19.017 million in the second quarter ended 31 December 2009 representing a 20.86% increase over that of the preceding quarter. Profit before income tax however, reduced by 2.21% in the second quarter under review as compared to the preceding quarter due to increase in operating expenses.

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 31.12.2009 RM'000	Current Year To Date 31.12.2009 RM'000
Income tax liabilities:		
Estimate for the period	24	25
Deferred income tax :		
Transferred from deferred income tax	50	150
	<hr/> <u>74</u>	<hr/> <u>175</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 11 November, 2009, there were no new corporate proposals that have been announced by the Company as at date of this report.

No allotment under the above said ESOS were made to the date of this report.

21. Group Borrowings And Debt Securities

	31.12.2009 The Group RM'000
Short term borrowings:	
Bank overdrafts	5,778
Bankers' acceptance	10,712
Hire-purchase creditors	3,370
	<hr/>
	19,860
Long term borrowing	
Hire-purchase creditors	10,009
	<hr/>
	29,869
	<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 18 February 2010.

23. Material Litigation

There was no pending material litigation against the Group as at 18 February 2010.

24. Proposed Dividend

No interim dividend is proposed for this quarter under review.

25. Earnings Per Share

Earnings per share is calculated by dividing the Group's profit after income tax by:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2009	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2008	CURRENT YEAR TO DATE 31/12/2009	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2008
Basic	Number of 60,000,000 ordinary shares	Number of 60,000,000 ordinary shares	Number of 60,000,000 ordinary shares	Number of 60,000,000 ordinary shares
Fully diluted	Ordinary shares in issue and issueable of 69,000,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options)	N/A	Ordinary shares in issue and issueable of 69,000,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options)	N/A

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

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

Dated : 25 February 2010