

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2010**

The results of Khee San Berhad for the period ended 31 March 2010 are as follows:-

	<u>Note</u>	Individual Period		Cummulative Period	
		Current Year Quarter Ended 31.3.2010 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.3.2009 RM'000 (Unaudited)	Current Year-to- Date 31.3.2010 RM'000 (Unaudited)	Preceding Year Corresponding Period Ended 31.3.2009 RM'000 (Unaudited)
REVENUE	8	17,180	11,633	51,932	42,668
COST OF SALES		(15,648)	(9,533)	(46,557)	(35,829)
GROSS PROFIT		1,532	2,100	5,375	6,839
OTHER OPERATING INCOME		297	147	525	727
OPERATING EXPENSES		(912)	(1,534)	(3,035)	(5,386)
FINANCE COSTS		(371)	(278)	(1,067)	(851)
PROFIT BEFORE INCOME TAX		546	435	1,798	1,329
INCOME TAX EXPENSE	17	(231)	(228)	(406)	(225)
PROFIT AFTER INCOME TAX		315	207	1,392	1,104
ATTRIBUTABLE TO:					
Equity holders of the parent		315	207	1,392	1,104
Minority interests		-	-	-	-
PROFIT AFTER INCOME TAX		315	207	1,392	1,104
EARNINGS PER SHARE (SEN)					
- Basic	25	0.53	0.35	2.32	1.84
- Diluted	25	0.46	N/A	2.02	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 MARCH 2010**

	<u>Note</u>	As at end of current year quarter ended 31.3.2010 RM'000 (Unaudited)	As at preceding financial year ended 30.06.2009 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		71,760	66,000
Investment property		3,410	3,410
Intangible assets		1,600	1,600
		<hr/> 76,770	<hr/> 71,010
CURRENT ASSETS			
Inventories		14,672	15,173
Trade and other receivables		10,405	6,923
Amount due from ultimate holding company		10,956	10,489
Fixed deposits, cash and bank balances		2,929	3,121
		<hr/> 38,962	<hr/> 35,706
TOTAL ASSETS		<hr/> 115,732	<hr/> 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		15,919	15,089
TOTAL EQUITY		<hr/> 70,577	<hr/> 69,747
NON-CURRENT AND DEFERRED LIABILITIES			
Deferred Income Tax Liabilities		2,500	2,132
Long-term borrowings	21	9,166	7,755
		<hr/> 11,666	<hr/> 9,887
CURRENT LIABILITIES			
Trade and other payables		15,095	14,959
Short-term borrowings	21	18,394	12,123
		<hr/> 33,489	<hr/> 27,082
TOTAL LIABILITIES		<hr/> 45,155	<hr/> 36,969
TOTAL EQUITY AND LIABILITIES		<hr/> 115,732	<hr/> 106,716
Net Assets per share (sen)		117.63	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 THIRD QUARTER ENDED 31 MARCH 2010**

	← Attributable to equity holders of the parent →				Total RM'000
	Share Capital RM'000	Merger Reserve RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	
Balance at 1 July 2009	60,000	(17,444)	12,102	15,089	69,747
Dividend				(562)	(562)
Profit after income tax for the financial period	-	-	-	1,392	1,392
Balance at 31 March 2010	<u>60,000</u>	<u>(17,444)</u>	<u>12,102</u>	<u>15,919</u>	<u>70,577</u>
Balance at 1 July 2008	60,000	(17,444)	-	13,356	55,912
Revaluation of properties	-	-	12,102	-	12,102
Profit after income tax for the financial period	-	-	-	1,104	1,104
Balance at 31 March 2009	<u>60,000</u>	<u>(17,444)</u>	<u>12,102</u>	<u>14,460</u>	<u>69,118</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 THIRD QUARTER ENDED 31 MARCH 2010**

	Current Year to Date 31.3.2010 RM'000 (Unaudited)	Corresponding Period Ended 31.3.2009 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	1,798	1,329
Adjustments for:-		
Non-cash items	2,561	2,491
Operating profits before working capital changes	4,359	3,820
Net change in current assets	(3,204)	2,172
Net change in current liabilities	136	(1,296)
Cash generated from operations	1,291	4,696
Other operating activities	(1,857)	(1,070)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(566)	3,626
NET CASH USED IN INVESTING ACTIVITIES	(2,712)	(1,613)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,455	2,395
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,823)	4,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,538	(824)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	715	3,584
NOTES TO CASH FLOW STATEMENTS		
Cash and cash equivalents comprise:-		
Fixed deposits, cash and bank balances	2,929	3,584
Bank overdrafts	(2,214)	-
	715	3,584

Property, plant and equipment at aggregate cost of RM7,308,000 (2009-RM12,247,000) was acquired during the financial period of which RM4,596,000 (2009-RM10,557,000) 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 MARCH 2010

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 March 2010.

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

A first and final dividend of 1.25% gross less 25% income tax per ordinary share amounting to RM562,496 in respect of the financial year ended 30 June, 2009 was paid on 10 February, 2010.

8. Segment Information

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

Period Ended 31 March 2010	Investment Holding RM'000	Manufacturing And Trading RM'000	Group RM'000
REVENUE:			
- Export	-	26,961	26,961
- Local	-	24,971	24,971
TOTAL	-	51,932	51,932
RESULTS:			
(Loss)/Profit Before Income Tax	(318)	2,116	1,798
Income Tax Expense	-	(406)	(406)
Profit After Income Tax			1,392

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 RM27.6 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 RM17.180 million for the current quarter which represents 47.7% increase over that of RM11.633 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM546,000 as compared to the result of the same period last year of profit before income tax of RM435,000.

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

	Current Year Quarter 31.3.2010 RM'000	Immediate Preceding Quarter 31.12.2009 RM'000	% +/-
Turnover	17,180	19,017	-9.66
Profit before income tax	<u>546</u>	<u>619</u>	-11.79

The Group achieved a lower turnover of RM17.180 million in the third quarter ended 31 March 2010 representing a 9.66% decrease over that of the preceding quarter. Profit before income tax reduced by 11.79% in the quarter under review as compared to the preceding quarter.

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 31.3.2010 RM'000	Current Year To Date 31.3.2010 RM'000
Income tax liabilities:		
Estimate for the period	13	38
Deferred income tax :		
Transferred from deferred income tax	218	368
	<u>231</u>	<u>406</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

	31.3.2010
	The Group
	RM'000
Short term borrowings:	
Bank overdrafts	2,214
Bankers' acceptance	12,810
Hire-purchase creditors	3,370
	<hr/>
	18,394
Long term borrowing	
Hire-purchase creditors	9,166
	<hr/>
	27,560
	<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 May, 2010.

23. Material Litigation

There was no pending material litigation against the Group as at 18 May, 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 31/03/2010	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2009	CURRENT YEAR TO DATE 31/03/2010	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2009
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 : 27 May 2010