

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 2ND QUARTER ENDED 31 DECEMBER 2010**

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

	<u>Note</u>	Individual Period		Cummulative Period	
		Current Year Quarter Ended 31.12.2010 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.12.2009 RM'000 (Unaudited)	Current Year-to- Date 31.12.2010 RM'000 (Unaudited)	Preceding Year Corresponding Period Ended 31.12.2009 RM'000 (Unaudited)
REVENUE	9	19,550	19,017	38,399	34,752
COST OF SALES		(18,394)	(16,911)	(35,113)	(30,909)
GROSS PROFIT		1,156	2,106	3,286	3,843
OTHER OPERATING INCOME		496	65	588	228
OPERATING EXPENSES		(899)	(1,198)	(1,774)	(2,123)
FINANCE COSTS		(417)	(354)	(927)	(696)
PROFIT BEFORE INCOME TAX		336	619	1,173	1,252
INCOME TAX EXPENSE	18	(14)	(74)	(24)	(175)
PROFIT AFTER INCOME TAX		322	545	1,149	1,077
OTHER COMPREHENSIVE INCOME		-	-	-	-
<b>TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD</b>		<b>322</b>	<b>545</b>	<b>1,149</b>	<b>1,077</b>
ATTRIBUTABLE TO:					
Equity holders of the parent		322	545	1,149	1,077
Minority interests		-	-	-	-
<b>PROFIT AFTER INCOME TAX</b>		<b>322</b>	<b>545</b>	<b>1,149</b>	<b>1,077</b>
EARNINGS PER SHARE (SEN)					
- Basic	27	0.54	0.91	1.92	1.80
- Diluted		0.47	N/A	1.67	N/A

**(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010 and the accompanying explanatory attached to the interim financial statements)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2010**

	<u>Note</u>	As at end of current year quarter ended 31.12.2010 RM'000 (Unaudited)	As at preceding financial year ended 30.06.2010 RM'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		72,013	72,762
Investment property		3,410	3,410
Intangible assets		1,600	1,600
		77,023	77,772
<b>CURRENT ASSETS</b>			
Inventories		14,334	15,212
Trade and other receivables		11,632	9,406
Amount due from ultimate holding company		14,468	10,077
Cash and bank balances		4,983	3,508
		45,417	38,203
<b>TOTAL ASSETS</b>		122,440	115,975
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital		60,000	60,000
Merger Reserve		(17,444)	(17,444)
Revaluation reserve		12,102	12,102
Retained Profit		20,146	18,997
<b>TOTAL EQUITY</b>		74,804	73,655
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>			
Long-term borrowings		6,901	8,625
		6,901	8,625
<b>CURRENT LIABILITIES</b>			
Trade and other payables		17,554	18,988
Short-term borrowings	22	23,181	14,707
		40,735	33,695
<b>TOTAL LIABILITIES</b>		47,636	42,320
<b>TOTAL EQUITY AND LIABILITIES</b>		122,440	115,975
Net Assets per share (sen)		124.67	122.76

**(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 2ND QUARTER ENDED 31 DECEMBER 2010**

← 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
<b>Balance at 1 July 2010</b>	60,000	(17,444)	12,102	18,997	73,655
Profit after income tax for the financial period	-	-	-	1,149	1,149
<b>Balance at 31 December 2010</b>	<u>60,000</u>	<u>(17,444)</u>	<u>12,102</u>	<u>20,146</u>	<u>74,804</u>
<b>Balance at 1 July 2009</b>	60,000	(17,444)	12,102	15,089	69,747
Profit after income tax for the financial period	-	-	-	1,077	1,077
<b>Balance at 31 December 2009</b>	<u>60,000</u>	<u>(17,444)</u>	<u>12,102</u>	<u>16,166</u>	<u>70,824</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 2010 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE 2ND QUARTER ENDED 31 DECEMBER 2010**

	<b>Current Year to Date 31.12.2010 RM'000 (Unaudited)</b>	<b>Corresponding Period Ended 31.12.2009 RM'000 (Unaudited)</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit before income tax	1,173	1,252
Adjustments for:- Non-cash items	1,979	1,692
Operating profits before working capital changes	<u>3,152</u>	<u>2,944</u>
Net change in current assets	(5,614)	(2,711)
Net change in current liabilities	(1,435)	827
Cash (absorbed by)/generated from operations	<u>(3,897)</u>	<u>1,060</u>
Other operating activities	(1,053)	(856)
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<u>(4,950)</u>	<u>204</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(327)	(5,805)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	3,431	199
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,846)</u>	<u>(5,402)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	3,110	2,538
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>1,264</u>	<u>(2,864)</u>
<b>NOTES TO CASH FLOW STATEMENTS</b>		
<b>Cash and cash equivalents comprise:-</b>		
Cash and bank balances	4,983	2,914
Bank overdrafts	(3,719)	(5,778)
	<u>1,264</u>	<u>(2,864)</u>

*Property, plant and equipment at aggregate cost of RM387,000 (2009-RM10,401,000) was acquired during the financial period of which RMNIL (2009-RM4,596,000) was acquired by means of hire-purchase.*

**(The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 2010. 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 2010.

#### **2. Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 30 June 2010 except for adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 127	Consolidation and Separate Financial Statements: Costs of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation <ul style="list-style-type: none"><li>- Puttable Financial Instruments and Obligations Arising on Liquidation</li><li>- Separation of Compound Instruments</li></ul>
Amendments to FRS 139	Financial Instruments: Recognition and Measurement <ul style="list-style-type: none"><li>- Reclassification of Financial Assets</li><li>- Collective Assessment of Impairment for Banking Institutions</li></ul>
Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11, FRS 2	Group and Treasury Share Transactions
IC Interpretation 14, FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the above FRSs, Admendments to FRSs and IC Interpretations does not have significant financial impact on the Group.

**3. Status Of Audit Qualification**

The audited financial statements for the year ended 30 June 2010 was not subject to any qualification.

**4. Seasonal Or Cyclical Factors**

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

**5. 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 2010.

**6. Changes In Estimates**

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

**7. Debt And Equity Securities**

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

**8. Dividend**

There was no dividend paid for the current quarter.

**9. Segment Information**

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

Period Ended 31 December 2010	Investment Holding RM'000	Manufacturing And Trading RM'000	Group RM'000
REVENUE:			
- Export	-	20,529	20,529
- Local	-	17,870	17,870
<b>TOTAL</b>	<b>-</b>	<b>38,399</b>	<b>38,399</b>
RESULTS:			
(Loss)/Profit Before Income Tax	(103)	1,276	1,173
Income Tax Expense	-	(24)	(24)
Profit After Income Tax			<u>1,149</u>

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

**10. 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.

**11. 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.

**12. 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.

**13. Changes In Contingent Liabilities / Assets**

There is a contingent liability amounting to approximately RM30.1 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**

**14. Review Of Performance**

Turnover of the Group increased to RM19.550 million for the current quarter which represents 2.8% increase over that of RM19.017 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM336,000 as compared to the result of the same period last year of profit before income tax of RM619,000.

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

	<b>Current Year Quarter 31.12.2010 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2010 RM'000</b>	<b>% +/-</b>
Turnover	19,550	18,849	+3.72
Profit before income tax	336	837	-59.86

The Group achieved a higher turnover of RM19.550 million in the second quarter ended 31 December 2010 representing a 3.7% increase over that of the preceding quarter. Profit before income tax decreased by 59.9% in the second quarter under review as compared to the preceding quarter. This performance is within the Group's expectation.

**16. Prospects for the Current Financial Year**

The year ending 30 June 2011 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 2011.

**17. Variance From Profit Forecast**

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

**18. Income tax expense**

	<b>Current Year Quarter 31.12.2010 RM'000</b>	<b>Current Year To Date 31.12.2010 RM'000</b>
Income tax liabilities:		
Estimate for the period	14	24
	<u>14</u>	<u>24</u>

**19. Profit On Sale Of Unquoted Investments Or Properties**

There were no sale of investment and/or properties for the current financial quarter under review.

**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**

	<b>31.12.2010</b> <b>The Group</b> <b>RM'000</b>
<b>Short term borrowings:</b>	
Bank overdrafts	3,719
Bankers' acceptance	16,012
Hire-purchase creditors	3,450
	<hr/>
	23,181
<b>Long term borrowing</b>	
Hire-purchase creditors	6,901
	<hr/>
	<u>30,082</u>

Bank overdrafts and credit facilities of a 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 24 February 2011.

**24. Realised and Unrealised Retained Profit**

	<b>As at</b> <b>31.12.2010</b> <b>RM'000</b>	<b>As at</b> <b>30.6.2010</b> <b>RM'000</b>
Total retained profit of Company and its subsidiaries:		
- Realised	26,576	25,427
- Unrealised	-	-
Consolidation adjustments	(6,430)	(6,430)
Total Group retained profit	<hr/> <u>20,146</u>	<hr/> <u>18,997</u>

**25. Material Litigation**

There was no pending material litigation against the Group as at 24 February 2011.

**26. Proposed Dividend**

No interim dividend is proposed for this quarter under review.

**27. 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:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2010	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009	CURRENT YEAR TO DATE 31/12/2010	PRECEDING YEAR TO DATE 31/12/2009
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**

**DATO' SRI LIEW KUEK HIN**  
Director

Dated : 28 February 2011