

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	As at end of current year quarter ended 30.9.2013 RM'000 (Unaudited)	As at preceding financial year ended 30.6.2013 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	148,051	131,351
Investment property	2,750	2,750
Other investment	139	138
Intangible assets	1,600	1,600
Deferred income tax assets	356	456
	<u>152,896</u>	<u>136,295</u>
CURRENT ASSETS		
Inventories	11,691	13,002
Trade and other receivables	16,954	12,674
Assets held for sale	-	1,960
Cash and bank balances	2,401	3,662
	<u>31,046</u>	<u>31,298</u>
TOTAL ASSETS	<u>183,942</u>	<u>167,593</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	60,000	60,000
Merger Reserve	(17,444)	(17,444)
Revaluation reserve	23,323	23,323
Retained Profit	30,769	29,759
TOTAL EQUITY	<u>96,648</u>	<u>95,638</u>
NON-CURRENT AND DEFERRED LIABILITIES		
Long-term borrowings	25,526	13,760
	<u>25,526</u>	<u>13,760</u>
CURRENT LIABILITIES		
Trade and other payables	20,390	24,011
Amount due to ultimate holding company	903	580
Short-term borrowings	40,475	33,604
	<u>61,768</u>	<u>58,195</u>
TOTAL LIABILITIES	<u>87,294</u>	<u>71,955</u>
TOTAL EQUITY AND LIABILITIES	<u>183,942</u>	<u>167,593</u>
Net Assets per share (sen)	161.08	159.40

(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 2013 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2013**

The results of Khee San Berhad for the period ended 30 September 2013 are as follows:-

	Individual Period		Cummulative Period	
	Current Year Quarter Ended 30.9.2013 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.9.2012 RM'000 (Unaudited)	Current Year-to- Date 30.9.2013 RM'000 (Unaudited)	Preceding Year Corresponding Year Ended 30.9.2012 RM'000 (Unaudited)
REVENUE	25,038	21,714	25,038	21,714
COST OF SALES	(21,642)	(19,726)	(21,642)	(19,726)
GROSS PROFIT	3,396	1,988	3,396	1,988
OTHER OPERATING INCOME	353	635	353	635
OPERATING EXPENSES	(1,629)	(909)	(1,629)	(909)
FINANCE COSTS	(973)	(686)	(973)	(686)
PROFIT BEFORE INCOME TAX	1,147	1,028	1,147	1,028
INCOME TAX EXPENSE	(137)	(37)	(137)	(37)
PROFIT AFTER INCOME TAX	1,010	991	1,010	991
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	1,010	991	1,010	991
ATTRIBUTABLE TO:				
Equity holders of the parent	1,010	991	1,010	991
Minority interests	-	-	-	-
PROFIT AFTER INCOME TAX	1,010	991	1,010	991
EARNINGS PER SHARE (SEN)				
- Basic	1.68	1.65	1.68	1.65
- Diluted	N/A	N/A	N/A	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 2013 and the accompanying explanatory attached to the interim financial statements)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2013**

← 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 2013	60,000	(17,444)	23,323	29,759	95,638
Profit after income tax for the financial period	-	-	-	1,010	1,010
Balance at 30 September 2013	<u>60,000</u>	<u>(17,444)</u>	<u>23,323</u>	<u>30,769</u>	<u>96,648</u>
Balance at 1 July 2012	60,000	(17,444)	19,856	25,730	88,142
Profit after income tax for the financial period	-	-	-	991	991
Balance at 30 September 2012	<u>60,000</u>	<u>(17,444)</u>	<u>19,856</u>	<u>26,721</u>	<u>89,133</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 2013 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2013**

	Current Year to Date 30.9.2013 RM'000 (Unaudited)	Corresponding Period Ended 30.9.2012 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	1,147	1,028
Adjustments for:-		
Impairment loss of investment no longer required	(1)	-
Depreciation	622	743
Interest expense	859	670
Operating profits before working capital changes	<u>2,627</u>	<u>2,441</u>
Net change in inventories	1,311	(950)
Net change in receivables	(4,243)	2,331
Net change in payables	(3,298)	(2,639)
Cash (absorbed by)/generated from operations	<u>(3,603)</u>	<u>1,183</u>
Tax paid	(75)	(75)
Interest paid	(859)	(670)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	<u>(4,537)</u>	<u>438</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
+ Purchase of property, plant and equipment	(1,899)	(724)
Proceed from disposal of investment properties	1,960	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	<u>61</u>	<u>(724)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in bankers acceptance	2,567	1,020
Repayment of term loan	(411)	(97)
Hire-purchase instalment paid	(1,703)	(1,139)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	<u>453</u>	<u>(216)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(4,023)</u>	<u>(502)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(180)	(4,501)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(4,203)</u>	<u>(5,003)</u>
<i>+Property, plant and equipment at aggregate cost of RM17,322,000 (2012-RM2,726,000) was acquired during the financial period of which RM15,423,000 (2012-RM2,002,000) was acquired by means of hire-purchase and term loan.</i>		
Cash and cash equivalents comprise:-		
Cash and bank balances	2,401	2,236
Bank overdrafts	(6,604)	(7,239)
	<u>(4,203)</u>	<u>(5,003)</u>

(The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPT 2013

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

1. Basis Of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting, International Accounting Standard (IAS) 34: Interim Financial Reporting and with 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 Group’s audited financial statements for year ended 30 June 2013. The consolidated financial statement of the Group as at and for the year ended 30 June 2013 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”).

2. Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2013.

3. Status Of Audit Qualification

The audited financial statements for the year ended 30 June 2013 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 period under review.

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

There were no issuances, cancellation, repurchases or resale of debt and equity securities in the Company during the period under review.

8. Dividend

There was no dividend paid for the current quarter.

9. Segment Information

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

Quarter Ended 30 Sept 2013	Investment Holding RM'000	Manufacturing And Trading RM'000	Elimination RM'000	Group RM'000
REVENUE:				
- Export	-	13,517	-	13,517
- Local	-	11,521	-	11,521
TOTAL	-	25,038	-	25,038
RESULTS:				
Profit Before Income Tax	(20)	1,167	-	1,147
Income Tax Expense	-	(137)	-	(137)
Profit After Income Tax				<u>1,010</u>

Segmental Analysis for the financial period ended 30 September 2013 by Product Segment:

LEGEND										
*	Market Conditions and demand for its goods and services									
^	The level of its operating activities									
#	Factors or circumstances affecting the changes to revenue, costs and profit margin of each business activity or segment									
Ω	Any unusual or one off gains / losses affecting the revenue or profit									
◻	Any other information which can provide a better understanding of the Listed Issuer's performance									
No.	Segment	Sales RM'000	(i) *		(ii) ^		(iii) #		(iv) Ω	(v) ◻
			Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains	Other Information
1	Confectionery	4,345	Poor	()	>50%	()	Raw Material Prices	(v)	-NA-	-NA-
			Average	()	50.1% > 75%	()	Market Conditions	(v)		
			Good	(v)	75.1% > 100%	(v)	Product Competition	()		
			Demand				Market Competition	(v)		
			Poor	()			Prices Increases	()		
			Average	()			New Product Variety	()		
			Strong	(v)			New Product Segment	()		
							Capacity Expenditure	()		
							Others:-	()		
2	Sweets and Candies	20,693	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains	Other Information
			Poor	()	>50%	()	Raw Material Prices	(v)	-NA-	-NA-
			Average	()	50.1% > 75%	()	Market Conditions	(v)		
			Good	(v)	75.1% > 100%	(v)	Product Competition	()		
			Demand				Market Competition	()		
			Poor	()			Prices Increases	()		
			Average	()			New Product Variety	()		
			Strong	(v)			New Product Segment	()		
							Capacity Expenditure	()		
							Others:-	()		

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 RM66 million being corporate guarantees given to financial institutions for banking facilities granted to a wholly owned 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 of RM25.038 million for the current quarter represents 15.31% increase over that of RM21.714 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM1.147 million as compared to the result of the same period last year of profit before income tax of RM1.028 million. This performance is within the Group's expectation.

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

	Current Year Quarter 30.9.2013 RM'000	Immediate Preceding Quarter 30.6.2013 RM'000	% +/-
Turnover	25,038	21,927	+14.19
Profit before income tax	<u>1,147</u>	<u>600</u>	+91.16

The Group achieved a higher turnover of RM25.038 million in the current quarter ended 30 September 2013 representing a 14.19% increase over that of the preceding quarter. The performance for the current year quarter is within the Group's expectation as massive expenditure were incurred on aggressive advertising and promotional campaigns.

16. Prospects For The Current Financial Year

The year ended 30 June 2013 had been 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 2014.

The prospects of the confectionery segment are good with stable orders and utilization running at near full capacity.

The prospects of the sweets and candies segment are good with strong demand from customers.

In respect of both business segments, cost of raw material remains high but stable while fluctuations in currencies are mitigated by the Group setting prices based on a conservative exchange rate valuation. There are no changes in business direction which may have impact on the business segments.

17. Variance From Profit Forecast

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

18. Income Tax Expense

	Current Year Quarter 30.9.2013 RM'000	Current Year To Date 30.9.2013 RM'000
Income tax liabilities:		
Estimate for the period	37	37
Deferred income tax:		
Transferred to deferred income tax	<u>100</u>	<u>100</u>
	<u>137</u>	<u>137</u>

19. Corporate Proposals

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

20. Group Borrowings And Debt Securities

	30.9.2013 The Group RM'000
Short term borrowings:	
Bank overdrafts	6,604
Bankers' acceptance	26,639
Hire-purchase payables	5,589
Term loan	1,643
	<u>40,475</u>
Long term borrowing	
Hire-purchase payables	15,136
Term loan	10,390
	<u>25,526</u>
	<u>66,001</u>

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

21. Realised and Unrealised Retained Profit

	As at 30.9.2013 RM'000	As at 30.6.2013 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	34,684	33,574
- Unrealised	356	456
Consolidation adjustments	<u>(4,271)</u>	<u>(4,271)</u>
Total Group retained profit	<u><u>30,769</u></u>	<u><u>29,759</u></u>

22. Material Litigation

There was no pending material litigation against the Group as at the date of this quarterly report.

23. Proposed Dividend

No dividend is proposed for this quarter under review.

24. Profit Before Income Tax

Profit before income tax is stated after charging/(crediting):-

	Current period quarter 30.9.2013 RM'000	Current year -to-date 30.9.2013 RM'000
Interest income	-	-
Other income including investment income	(89)	(89)
Interest expense	859	859
Depreciation of property, plant and equipment	622	622
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or property, plant and equipment	-	-
Impairment of assets	-	-
Foreign exchange (gain) or loss	(264)	(264)
Gain or loss on derivatives	-	-
Exceptional items	-	-

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:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2013	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2012	CURRENT YEAR TO DATE 30.9.2013	PRECEDING YEAR TO DATE 30.9.2012
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
Diluted	Not presented as there were no share option granted at the date of the statement of financial position date and the date of this report			

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

**MR LESLIE LOOI MENG
AUDIT COMMITTEE CHAIRMAN**

Dated : 29 November 2013