

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 30 JUNE 2014**

The results of Khee San Berhad for the year ended 30 June 2014 are as follows:-

	Individual Period		Cummulative Period	
	Current Year Quarter Ended 30.6.2014 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.6.2013 RM'000 (Unaudited)	Current Year-to- Date 30.6.2014 RM'000 (Unaudited)	Preceding Year Corresponding Year Ended 30.6.2013 RM'000 (Unaudited)
REVENUE	30,238	21,927	115,604	95,778
COST OF SALES	(28,046)	(19,667)	(101,383)	(85,726)
GROSS PROFIT	2,192	2,260	14,221	10,052
OTHER OPERATING INCOME	956	1,726	1,609	2,800
OPERATING EXPENSES	(177)	(2,274)	(6,120)	(5,428)
FINANCE COSTS	(1,226)	(818)	(4,584)	(2,921)
PROFIT BEFORE INCOME TAX	1,745	894	5,126	4,503
INCOME TAX EXPENSE	(338)	(362)	(850)	(474)
PROFIT AFTER INCOME TAX	1,407	532	4,276	4,029
OTHER COMPREHENSIVE INCOME	4,100	3,467	4,100	3,467
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	5,507	3,999	8,376	7,496
ATTRIBUTABLE TO:				
Equity holders of the parent	1,407	532	4,276	4,029
Minority interests	-	-	-	-
PROFIT AFTER INCOME TAX	1,407	532	4,276	4,029
EARNINGS PER SHARE (SEN)				
- Basic	2.33	0.89	7.08	6.72
- Diluted	2.20	N/A	6.68	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 FINANCIAL POSITION
AS AT 30 JUN 2014**

	As at end of current year quarter ended 30.6.2014 RM'000 (Unaudited)	As at preceding financial year ended 30.6.2013 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	166,876	131,351
Investment property	2,900	2,750
Other investment	-	138
Intangible assets	1,600	1,600
Deferred income tax assets	-	456
	171,376	136,295
CURRENT ASSETS		
Inventories	11,647	13,002
Trade and other receivables	14,328	12,674
Assets held for sale	-	1,960
Cash and bank balances	1,187	3,662
	27,162	31,298
TOTAL ASSETS	198,538	167,593
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	65,450	60,000
Merger Reserve	(17,444)	(17,444)
Revaluation reserve	27,423	23,323
Retained Profit	34,035	29,759
TOTAL EQUITY	109,464	95,638
NON-CURRENT AND DEFERRED LIABILITIES		
Long-term borrowings	21,027	13,760
Deferred income tax assets	568	-
	21,595	13,760
CURRENT LIABILITIES		
Trade and other payables	15,851	24,011
Amount due to ultimate holding company	1,724	580
Short-term borrowings	49,904	33,604
	67,479	58,195
TOTAL LIABILITIES	89,074	71,955
TOTAL EQUITY AND LIABILITIES	198,538	167,593
Net Assets per share (sen)	167.25	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 CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 30 JUNE 2014**

	← 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 2013	60,000	(17,444)	23,323	29,759	95,638
Other comprehensive income					
- Revaluation surplus on properties	-	-	4,100	-	4,100
Profit for the year	-	-	-	4,276	4,276
	-	-	4,100	4,276	8,376
Employees share option scheme	5,450	-	-	-	5,450
Balance at 30 June 2014	65,450	(17,444)	27,423	34,035	109,464
Balance at 1 July 2012	60,000	(17,444)	19,856	25,730	88,142
Other comprehensive income					
- Revaluation surplus on properties	-	-	3,467	-	3,467
Profit for the year	-	-	-	4,029	4,029
	-	-	3,467	4,029	7,496
Balance at 30 June 2013	60,000	(17,444)	23,323	29,759	95,638

(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 4TH QUARTER ENDED 30 JUNE 2014**

	Current Year to Date 30.6.2014 RM'000 (Unaudited)	Corresponding Period Ended 30.6.2013 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	5,126	4,503
Adjustments for:-		
Impairment loss of investment	-	6
Gain on disposal of property, plant and equipment	(999)	(606)
Depreciation	4,563	3,641
Fair value on investment properties	(143)	(294)
Gain on foreign exchange-unrealised	(25)	(387)
Interest expense	4,360	2,619
Operating profits before working capital changes	<u>12,882</u>	<u>9,482</u>
Net change in inventories	1,355	(1,579)
Net change in receivables	(1,859)	(4,922)
Net change in payables	(7,016)	14,978
Cash generated from operations	<u>5,362</u>	<u>17,959</u>
Tax paid	(301)	(301)
Tax refunded	482	823
Interest paid	(4,360)	(2,619)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,183</u>	<u>15,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
+ Purchase of property, plant and equipment	(18,282)	(8,680)
Proceed from disposal of investment properties	1,960	-
Net proceed from disposal of investment	138	-
Purchase of investment	-	(144)
Proceed from disposal of property, plant and equipment	1,681	1,000
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,503)</u>	<u>(7,824)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in bankers acceptance	9,697	1,910
Repayment of term loan	(2,552)	(523)
Employees share option scheme	5,450	-
Hire-purchase instalment paid	(6,086)	(5,104)
NET CASH USED IN FINANCING ACTIVITIES	<u>6,509</u>	<u>(3,717)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(6,811)</u>	<u>4,321</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>(180)</u>	<u>(4,501)</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>(6,991)</u></u>	<u><u>(180)</u></u>
<i>+Property, plant and equipment at aggregate cost of RM36,454,000 (2013-RM22,833,000) was acquired during the financial year of which RM18,172,000 (2013-RM14,156,000) was acquired by means of hire-purchase and term loan.</i>		
Cash and cash equivalents comprise:-		
Cash and bank balances	1,187	3,662
Bank overdrafts	(8,178)	(3,842)
	<u>(6,991)</u>	<u>(180)</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 JUNE 2014

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“MFRS”) 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. Qualification of Financial Statements

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 Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the period under review.

6. Nature and Amount Of 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

On 3 June 2014, the fully and paid up shares capital of the Company was increased from 60,000,000 to 65,450,000 by an allotment of 5,450,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Employees' Share Option Scheme.

Other than the abovementioned, there were no issuances and repayment of debts and equity securities during the quarter under review.

8. Dividend Paid

There was no dividend paid for the current quarter.

9. Segmental Reporting

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

Quarter Ended 30 June 2014	Investment Holding RM'000	Manufacturing And Trading RM'000	Elimination RM'000	Group RM'000
REVENUE:				
- Export	-	57,860	-	57,860
- Local	750	57,744	(750)	57,744
TOTAL	750	115,604	(750)	115,604
RESULTS:				
Profit Before Income Tax	462	5,414	(750)	5,126
Income Tax Expense	(4)	(846)	-	(850)
Profit After Income Tax				4,276

Segmental Analysis for the financial year ended 30 June 2014 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								
Q	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) Q	(v) △		
			Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information		
1	Confectionery	17,481	Poor ()	>50% ()	Raw Material Prices (v)	-NA-	-NA-		
			Average ()	50.1 % > 75% ()	Market Conditions (v)				
			Good (v)	75.1% > 100% (v)	Product Competition ()				
					Market Competition (v)				
			Demand		Prices Increases ()				
			Poor ()		New Product Variety ()				
			Average ()		New Product Segment ()				
			Strong (v)		Capacity Expenditure ()				
					Others:- ()				
2	Sweets and Candies	98,123	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 ()				
					Market Competition ()				
			Demand		Prices Increases ()				
			Poor ()		New Product Variety ()				
			Average ()		New Product Segment ()				
			Strong (v)		Capacity Expenditure ()				
					Others:- ()				

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

10. Revaluations of Property, Plant and Equipment

The Group carried out a revaluation on its land and buildings during the current quarter under review. Revaluation surplus was taken up as follows:-

Properties	Net book value RM'000	Revaluation value RM'000	Revaluation surplus/fair value adjustment RM'000
Land and buildings	38,364	42,680	4,316
Investment properties	2,750	2,900	150
			<u>4,466</u>
Less: Deferred income tax			<u>(224)</u>
			<u>4,242</u>

11. Material Subsequent Events

Subsequent to the statement of financial position date, the fully issued and paid up share capital of the Company was increased from RM65,450,000 to RM69,000,000 by an allotment of 3,550,000 new ordinary shares of RM1.00 each for cash at par, exercised on 17 July 2014 under the Employees' Share Option Scheme.

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. Contingent Liabilities or Contingent Assets

There is a contingent liability amounting to approximately RM71 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 RM30.238 million for the current quarter represents 37.90% increase over that of RM21.927 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM1.745 million. This performance is within the Group's expectation.

15. Comparison With Immediate Preceding Quarter's Result

	Current Year Quarter 30.6.2014 RM'000	Immediate Preceding Quarter 31.3.2014 RM'000	% +/-
Turnover	30,238	30,341	-0.34
Profit before income tax	<u>1,745</u>	<u>831</u>	+109.99

The Group achieved a lower turnover of RM30.238 million in the current quarter ended 30 June 2014 representing a 0.34% decrease over that of the preceding quarter. The performance for the current year quarter is within the Group's expectation.

16. Current Year Prospects

The year ended 30 June 2014 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 2015.

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. Profit Forecast or Profit Guarantee

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

18. Income Tax Expense

	Current Year Quarter 30.6.2014 RM'000	Current Year To Date 30.6.2014 RM'000
Income tax liabilities:		
Estimate for the period	(62)	50
Deferred income tax:		
Transferred to deferred income tax	400	800
	<u>338</u>	<u>850</u>

19. Status Of Corporate Proposals

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

20. Group Borrowings

	30.6.2014
	The Group
	RM'000
Short term borrowings:	
Bank overdrafts	8,178
Bankers' acceptance	33,769
Hire-purchase payables	7,137
Term loan	820
	<hr/>
	49,904
	<hr/>
Long term borrowing	
Hire-purchase payables	19,277
Term loan	1,750
	<hr/>
	21,027
	<hr/>
	70,931
	<hr/>

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	As at
	30.6.2014	30.6.2013
	RM'000	RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	38,849	33,574
- Unrealised	(543)	456
Consolidation adjustments	<u>(4,271)</u>	<u>(4,271)</u>
Total Group retained profit	<u><u>34,035</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 30.6.2014 RM'000	Current year -to-date 30.6.2014 RM'000
Interest income	-	-
Other income including investment income	(382)	(585)
Interest expense	1,162	4,360
Depreciation of property, plant and equipment	842	4,563
Provision for and write off of receivables	60	60
Provision for and write off of inventories	-	-
(Gain) or loss on disposal of quoted or unquoted investments or property, plant and equipment	(987)	(999)
Impairment of assets	-	-
Foreign exchange (gain) or loss	414	(24)
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 30.6.2014	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2013	CURRENT YEAR TO DATE 30.6.2014	PRECEDING YEAR TO DATE 30.6.2013
Basic	Weighted average no of ordinary shares of 60,418,082	Number of 60,000,000 ordinary shares	Weighted average no of ordinary shares of 60,418,082	Number of 60,000,000 ordinary shares
Diluted	Number of 63,986,082 ordinary shares	N/A	Number of 63,986,082 ordinary shares	N/A

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

**MR LESLIE LOOI MENG
AUDIT COMMITTEE CHAIRMAN**

Dated: 29 August 2014