

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014**

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.9.2014 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.9.2013 RM'000 (Unaudited)	Current Year-to- Date 30.9.2014 RM'000 (Unaudited)	Preceding Year Corresponding Year Ended 30.9.2013 RM'000 (Unaudited)
REVENUE	30,218	25,038	30,218	25,038
COST OF SALES	(25,611)	(21,642)	(25,611)	(21,642)
GROSS PROFIT	4,607	3,396	4,607	3,396
OTHER OPERATING INCOME	54	353	54	353
OPERATING EXPENSES	(1,921)	(1,629)	(1,921)	(1,629)
FINANCE COSTS	(1,470)	(973)	(1,470)	(973)
PROFIT BEFORE INCOME TAX	1,270	1,147	1,270	1,147
INCOME TAX EXPENSE	(237)	(137)	(237)	(137)
PROFIT AFTER INCOME TAX	1,033	1,010	1,033	1,010
OTHER COMPREHENSIVE INCOME	-	-	-	-
<b>TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>1,033</b>	<b>1,010</b>	<b>1,033</b>	<b>1,010</b>
ATTRIBUTABLE TO:				
Equity holders of the parent	1,033	1,010	1,033	1,010
Minority interests	-	-	-	-
<b>PROFIT AFTER INCOME TAX</b>	<b>1,033</b>	<b>1,010</b>	<b>1,033</b>	<b>1,010</b>
EARNINGS PER SHARE (SEN)				
- Basic	1.50	1.68	1.50	1.68
- 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 2014 and the accompanying explanatory attached to the interim financial statements)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014**

	As at end of current year quarter ended 30.9.2014 RM'000 (Unaudited)	As at preceding financial year ended 30.6.2014 RM'000 (Audited)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	166,225	166,876
Investment property	2,900	2,900
Intangible assets	1,600	1,600
	<u>170,725</u>	<u>171,376</u>
<b>CURRENT ASSETS</b>		
Inventories	11,975	11,761
Trade and other receivables	14,289	14,358
Amount due from ultimate holding company	537	-
Cash and bank balances	1,841	1,187
	<u>28,642</u>	<u>27,306</u>
<b>TOTAL ASSETS</b>	<u>199,367</u>	<u>198,682</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	69,000	65,450
Merger Reserve	(17,444)	(17,444)
Revaluation reserve	27,423	27,423
Retained Profit	35,212	34,179
<b>TOTAL EQUITY</b>	<u>114,191</u>	<u>109,608</u>
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>		
Long-term borrowings	20,739	21,027
Deferred tax liabilities	768	568
	<u>21,507</u>	<u>21,595</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13,303	15,851
Amount due to ultimate holding company	-	1,724
Short-term borrowings	50,366	49,904
	<u>63,669</u>	<u>67,479</u>
<b>TOTAL LIABILITIES</b>	<u>85,176</u>	<u>89,074</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>199,367</u>	<u>198,682</u>
Net Assets per share (sen)	165	167

**(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 2014 and the accompanying explanatory notes attached to the interim financial statements)**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 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	
<b>Balance at 1 July 2014</b>	65,450	(17,444)	27,423	34,179	109,608
Employees share option scheme	3,550	-	-	-	3,550
Profit after income tax for the financial period	-	-	-	1,033	1,033
<b>Balance at 30 September 2014</b>	<u>69,000</u>	<u>(17,444)</u>	<u>27,423</u>	<u>35,212</u>	<u>114,191</u>
<b>Balance at 1 July 2013</b>	60,000	(17,444)	23,323	29,759	95,638
Profit after income tax for the financial period	-	-	-	1,010	1,010
<b>Balance at 30 September 2013</b>	<u>60,000</u>	<u>(17,444)</u>	<u>23,323</u>	<u>30,769</u>	<u>96,648</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 2014 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 2014**

	<b>Current Year to Date 30.9.2014 RM'000 (Unaudited)</b>	<b>Corresponding Period Ended 30.9.2013 RM'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	1,270	1,147
Adjustments for:-		
Impairment loss of investment no longer required	-	(1)
Depreciation	1,195	622
Interest expense	1,420	859
Operating profits before working capital changes	<u>3,885</u>	<u>2,627</u>
Net change in inventories	(214)	1,311
Net change in receivables	83	(4,243)
Net change in payables	(4,809)	(3,298)
Cash absorbed by operations	<u>(1,055)</u>	<u>(3,603)</u>
Tax paid	(52)	(75)
Interest paid	(1,420)	(859)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(2,527)</u>	<u>(4,537)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
+ Purchase of property, plant and equipment	(544)	(1,899)
Proceed from disposal of investment properties	-	1,960
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>	<u>(544)</u>	<u>61</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Employees share option scheme	3,550	-
Net changes in bankers acceptance	1,278	2,567
Repayment of term loan	(197)	(411)
Hire-purchase instalment paid	(1,508)	(1,703)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>3,123</u>	<u>453</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>52</u>	<u>(4,023)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	(6,991)	(180)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>(6,939)</u>	<u>(4,203)</u>
<i>+Property, plant and equipment at aggregate cost of RM544,000 (2013-RM17,322,000) was acquired during the financial period of which RMNil (2013-RM15,423,000) was acquired by means of hire-purchase and term loan.</i>		
<b>Cash and cash equivalents comprise:-</b>		
Cash and bank balances	1,841	2,401
Bank overdrafts	(8,780)	(6,604)
	<u>(6,939)</u>	<u>(4,203)</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 2014 and the accompanying explanatory notes attached to the interim financial statements)**



**NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for year ended 30 June 2014. The consolidated financial statement of the Group as at and for the year ended 30 June 2014 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 2014.

**3. Status Of Audit Qualification**

The audited financial statements for the year ended 30 June 2014 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

On 17 July 2014, the fully and paid up shares capital of the Company was increased from 65,450,000 to 69,000,000 by an allotment of 3,550,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Employees' Share Option Scheme ("ESOS").

Other than the abovementioned, there were no issuances and repayment of debts and equity securities during the quarter 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 2014	Investment Holding RM'000	Manufacturing And Trading RM'000	Elimination RM'000	Group RM'000
REVENUE:				
- Export	-	11,090	-	11,090
- Local	-	19,128	-	19,128
TOTAL	-	30,218	-	30,218
RESULTS:				
Profit Before Income Tax	(29)	1,299	-	1,270
Income Tax Expense	-	(237)	-	(237)
Profit After Income Tax				1,033

Segmental Analysis for the financial period ended 30 September 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						
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) ⊠
1	Confectionery	3,195	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information
			Poor ( )	>50% ( )	Raw Material Prices ( √ )	-NA-	-NA-
			Average ( )	50.1% > 75% ( )	Market Conditions ( √ )		
			Good ( √ )	75.1% > 100% ( √ )	Product Competition ( )		
					Market Competition ( √ )		
					Prices Increases ( )		
					New Product Variety ( )		
					New Product Segment ( )		
					Capacity Expenditure ( )		
					Others:- ( )		
2	Sweets and Candies	27,024	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information
			Poor ( )	>50% ( )	Raw Material Prices ( √ )	-NA-	-NA-
			Average ( )	50.1% > 75% ( )	Market Conditions ( √ )		
			Good ( √ )	75.1% > 100% ( √ )	Product Competition ( )		
					Market Competition ( )		
					Prices Increases ( )		
					New Product Variety ( )		
					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

Other than as stated in Note 19, there have been no other material events subsequent to the end of the quarter.

#### 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 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 RM30.218 million for the current quarter represents 20.69% increase over that of RM25.038 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM1.270 million as compared to the result of the same period last year of profit before income tax of RM1.147 million. This performance is within the Group's expectation.

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

	<b>Current Year Quarter 30.9.2014 RM'000</b>	<b>Immediate Preceding Quarter 30.6.2014 RM'000</b>	<b>% +/-</b>
Turnover	30,218	30,238	-0.07
Profit before income tax	<u>1,270</u>	<u>1,888</u>	-32.73

The Group achieved a lower turnover of RM30.218 million in the current quarter ended 30 September 2014 representing a 0.07% decrease over that of the preceding quarter. The performance for the current year quarter is within the Group's expectation.

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

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. Variance From Profit Forecast**

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

**18. Income tax expense**

	<b>Current Year Quarter 30.9.2014 RM'000</b>	<b>Current Year To Date 30.9.2014 RM'000</b>
Income tax liabilities:		
Estimate for the period	37	37
Deferred income tax:		
Transferred to deferred income tax	<u>200</u>	<u>200</u>
	<u>237</u>	<u>237</u>

**19. Corporate Proposals**

As announced on Bursa Securities on 1 October 2014, the Company had proposed to undertake the following:-

- i) Proposed Private Placement; and
- ii) Proposed New ESOS

The abovementioned had been submitted to Ministry of International Trade and Industry and Bursa Malaysia Securities Berhad for approval on 14 October 2014. Bursa Malaysia Securities Berhad had, vide its letter dated 24 October 2014 approved the proposals and Ministry of International Trade and Industry had approved the proposals via its letter dated 28 November 2014. Full details of these proposals are contained in the announcement dated 1 October 2014.

**20. Group Borrowings And Debt Securities**

	<b>30.9.2014</b>
	<b>The Group</b>
	<b>RM'000</b>
<b>Short term borrowings:</b>	
Bank overdrafts	8,780
Bankers' acceptance	35,047
Hire-purchase payables	5,750
Term loan	789
	<hr/>
	50,366
	<hr/>
<b>Long term borrowing</b>	
Hire-purchase payables	19,156
Term loan	1,583
	<hr/>
	20,739
	<hr/>
	71,105
	<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**

	<b>As at</b>	<b>As at</b>
	<b>30.9.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profit of Company and its subsidiaries:		
- Realised	40,251	39,018
- Unrealised	(768)	(568)
Consolidation adjustments	(4,271)	(4,271)
Total Group retained profit	<hr/> <u>35,212</u>	<hr/> <u>34,179</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):-

	<b>Current period quarter 30.9.2014 RM'000</b>	<b>Current year -to-date 30.9.2014 RM'000</b>
Interest income	-	-
Other income including investment income	(54)	(54)
Interest expense	1,420	1,420
Depreciation of property, plant and equipment	1,195	1,195
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	165	165
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:-

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT YEAR QUARTER 30.9.2014</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.9.2013</b>	<b>CURRENT YEAR TO DATE 30.9.2014</b>	<b>PRECEDING YEAR TO DATE 30.9.2013</b>
Basic	Weighted average no of ordinary shares of 68,844,384	Number of 60,000,000 ordinary shares	Weighted average no of ordinary shares of 68,844,384	Number of 60,000,000 ordinary shares
Diluted	Not presented as there were no unexercised share option granted at the date of the statement of financial position date and the date of this report			

**Khee San Berhad** (304376-A)  
*(Incorporated in Malaysia)*



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

**MR LESLIE LOOI MENG  
AUDIT COMMITTEE CHAIRMAN**

Dated: 28 November 2014