

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 3RD QUARTER ENDED 31 MARCH 2015**

The results of Khee San Berhad for the quarter ended 31 March 2015 are as follows:-

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.3.2015 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.3.2014 RM'000 (Unaudited)	Current Year-to- Date 31.3.2015 RM'000 (Unaudited)	Preceding Year Corresponding Year Ended 31.3.2014 RM'000 (Unaudited)
REVENUE	34,047	30,341	96,966	85,366
COST OF SALES	(28,425)	(26,863)	(82,264)	(73,337)
GROSS PROFIT	5,622	3,478	14,702	12,029
OTHER OPERATING INCOME	373	193	556	653
OPERATING EXPENSES	(3,848)	(2,196)	(7,421)	(5,943)
FINANCE COSTS	(1,232)	(644)	(4,387)	(3,358)
PROFIT BEFORE INCOME TAX	915	831	3,450	3,381
INCOME TAX EXPENSE	(228)	(237)	(568)	(512)
PROFIT AFTER INCOME TAX	687	594	2,882	2,869
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	687	594	2,882	2,869
ATTRIBUTABLE TO:				
Equity holders of the parent	687	594	2,882	2,869
Minority interests	-	-	-	-
PROFIT AFTER INCOME TAX	687	594	2,882	2,869
EARNINGS PER SHARE (SEN)				
- Basic	0.91	0.99	3.80	4.78
- 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 31 MARCH 2015**

	As at end of current year quarter ended 31.3.2015 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	164,369	166,876
Investment property	2,900	2,900
Intangible assets	1,600	1,600
	168,869	171,376
<b>CURRENT ASSETS</b>		
Inventories	11,740	11,761
Trade and other receivables	25,525	14,358
Amount due from ultimate holding company	7,377	-
Cash and bank balances	1,449	1,187
	46,091	27,306
<b>TOTAL ASSETS</b>	214,960	198,682
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	87,800	65,450
Merger Reserve	(17,444)	(17,444)
Revaluation reserve	27,423	27,423
Retained Profit	37,061	34,179
<b>TOTAL EQUITY</b>	134,840	109,608
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>		
Long-term borrowings	17,512	21,027
Deferred tax liabilities	938	568
	18,450	21,595
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13,056	15,851
Amount due to ultimate holding company	-	1,724
Short-term borrowings	48,614	49,904
	61,670	67,479
<b>TOTAL LIABILITIES</b>	80,120	89,074
<b>TOTAL EQUITY AND LIABILITIES</b>	214,960	198,682
Net Assets per share (sen)	154	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 3RD QUARTER ENDED 31 MARCH 2015**

	← 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
Year ending 30 June 2015					
<b>Balance at 1 July 2014</b>	65,450	(17,444)	27,423	34,179	109,608
Employees share option scheme	15,450	-	-	-	15,450
Private placement	6,900	-	-	-	6,900
Profit after income tax for the financial period	-	-	-	2,882	2,882
<b>Balance at 31 March 2015</b>	<b>87,800</b>	<b>(17,444)</b>	<b>27,423</b>	<b>37,061</b>	<b>134,840</b>
Year ended 30 June 2014					
<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	-	-	-	2,869	2,869
<b>Balance at 31 March 2014</b>	<b>60,000</b>	<b>(17,444)</b>	<b>23,323</b>	<b>32,628</b>	<b>98,507</b>

(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 3RD QUARTER ENDED 31 MARCH 2015**

	<b>Current Year to Date 31.3.2015 RM'000 (Unaudited)</b>	<b>Corresponding Period Ended 31.3.2014 RM'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	3,450	3,381
Adjustments for:-		
Impairment loss of investment no longer required	-	
Gain on disposal of property, plant and equipment	-	(11)
Depreciation	4,073	3,721
Interest expense	4,318	3,198
Operating profits before working capital changes	<u>11,841</u>	<u>10,289</u>
Net change in inventories	21	(309)
Net change in receivables	(11,263)	(8,383)
Net change in payables	(11,896)	1,212
Cash absorbed by operations	<u>(11,297)</u>	<u>2,809</u>
Tax paid	(103)	(226)
Interest paid	(4,318)	(3,198)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(15,718)</u>	<u>(615)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
+ Purchase of property, plant and equipment	(1,566)	(2,960)
Proceed from disposal of investment		138
Proceed from disposal of property, plant and equipment		59
Proceed from disposal of investment properties	-	1,960
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>	<u>(1,566)</u>	<u>(803)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Employees share option scheme	15,450	-
Private placement	6,900	-
Net changes in bankers acceptance	2,972	5,788
Repayment of term loan	(603)	(1,929)
Hire-purchase instalment paid	(4,246)	(4,658)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>20,473</u>	<u>(799)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>3,189</u>	<u>(2,217)</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>(3,802)</u>	<u>(2,397)</u>
<i>+Property, plant and equipment at aggregate cost of RM1,566,000 (2014-RM18,382,000 ) was acquired during the financial period of which RMNil (2014-RM15,422,000) was acquired by means of hire-purchase and term loan.</i>		
<b>Cash and cash equivalents comprise:-</b>		
Cash and bank balances	1,449	1,103
Bank overdrafts	(5,251)	(3,500)
	<u>(3,802)</u>	<u>(2,397)</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 31 MARCH 2015**

### **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

During the quarter under review, the fully paid up shares capital of the Company was increased from 71,000,000 to 87,800,000 by allotments of:-

- i) 7,500,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Employees Shares Option Scheme on 5 February 2015 and listed on 9 February 2015;
- ii) 1,000,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Private Placement on 6 February 2015 and listed on 10 February 2015;
- iii) 1,000,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Private Placement on 13 February 2015 and listed on 17 February 2015;
- iv) 2,900,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Private Placement on 13 March 2015 and listed on 17 March 2015; and
- v) 4,400,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Employees Shares Option Scheme on 20 March 2015 and listed on 24 March 2015.

Other than the abovementioned, there were no issuances and repayment of debts 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 31 Mar 2015	Investment Holding RM'000	Manufacturing And Trading RM'000	Elimination RM'000	Group RM'000
REVENUE:				
- Export	-	45,556	-	45,556
- Local	-	51,410	-	51,410
<b>TOTAL</b>	<b>-</b>	<b>96,966</b>	<b>-</b>	<b>96,966</b>
RESULTS:				
Profit Before Income Tax	(359)	3,809	-	3,450
Income Tax Expense	(6)	(562)	-	(568)
<b>Profit After Income Tax</b>				<b>2,882</b>

Segmental Analysis for the financial period ended 31 March 2015 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	12,128	Poor ( )	>50% ( )	Raw Material Prices ( √ )			-NA-	-NA-	
			Average ( )	50.1 % > 75% ( )	Market Conditions ( √ )					
			Good ( √ )	75.1% > 100% ( √ )	Product Competition ( )					
			Demand		Market Competiton ( √ )					
			Poor ( )		Prices Increases ( )					
			Average ( )		New Product Variety ( )					
			Strong ( √ )		New Product Segment ( )					
					Capacity Expenditure ( )					
					Others:- ( )					
2	Sweets and Candies	84,838	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 ( )					
			Demand		Market Competiton ( )					
			Poor ( )		Prices Increases ( )					
			Average ( )		New Product Variety ( )					
			Strong ( √ )		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

Subsequent to the end of the quarter, the fully paid up share capital of the Company was increased from 87,800,000 to 89,070,000 by an allotment of 1,270,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share under the Employees Shares Option Scheme on 13 May 2015, listed on 15 May 2015.

#### 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 RM34.047 million for the current quarter represents 12.21% increase over that of RM30.341 million achieved in the preceding year corresponding quarter. The current quarter result reported a profit before income tax of RM915,000 as compared to the result of the same period last year of profit before income tax of RM831,000. 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 31.3.2015 RM'000</b>	<b>Immediate Preceding Quarter 31.12.2014 RM'000</b>	<b>% +/-</b>
Turnover	34,047	32,701	+4.12
Profit before income tax	<u>915</u>	<u>1,265</u>	-28.46

The Group achieved a higher turnover of RM34.047million in the current quarter under review representing a 4.12% increase 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 31.3.2015 RM'000</b>	<b>Current Year To Date 31.3.2015 RM'000</b>
Income tax liabilities:		
Estimate for the period	158	198
Deferred income tax:		
Transferred to deferred income tax	<u>70</u>	<u>370</u>
	<u><u>228</u></u>	<u><u>568</u></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 ("MITI") and Bursa Securities for approval on 14 October 2014. Bursa Securities vide its letter dated 24 October 2014 and MITI vide its letter dated 28 November had approved the proposals. The above proposals were approved in the Annual General Meeting and Extraordinary Meeting held on 12 December 2014. Full details of these proposals are contained in this announcement dated 1 October 2014.

The Private Placement was completed on 17 March 2015.

There were no new corporate proposals that have been announced during the current quarter under review.

**20. Group Borrowings And Debt Securities**

	<b>31.3.2015</b>
	<b>The Group</b>
	<b>RM'000</b>
<b>Short term borrowings:</b>	
Bank overdrafts	5,251
Bankers' acceptance	36,741
Hire-purchase payables	5,771
Term loan	851
	<hr/>
	48,614
	<hr/>
<b>Long term borrowing</b>	
Hire-purchase payables	16,396
Term loan	1,116
	<hr/>
	17,512
	<hr/>
	66,126
	<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>31.3.2015</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profit of Company and its subsidiaries:		
- Realised	42,270	39,018
- Unrealised	(938)	(568)
Consolidation adjustments	(4,271)	(4,271)
Total Group retained profit	<hr/> <u>37,061</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):-

	Current period quarter 31.3.2015 RM'000	Current year -to-date 31.3.2015 RM'000
Interest income	-	-
Other income including investment income	(427)	(556)
Interest expense	1,220	4,318
Depreciation of property, plant and equipment	1,216	4,073
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	494	674
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 31.3.2015	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2014	CURRENT YEAR TO DATE 31.3.2015	PRECEDING YEAR TO DATE 31.3.2014
Basic	Weighted average no of ordinary shares of 75,820,274	Number of 60,000,000 ordinary shares	Weighted average no of ordinary shares of 75,820,274	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			

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

**MR LESLIE LOOI MENG**  
**AUDIT COMMITTEE CHAIRMAN**  
Dated : 29 May 2015