



**KHEE SAN BERHAD**

(Company No. 304376-A)  
(Incorporated in Malaysia)

**("KSB" or "the Company")**

**Interim Financial Statements**  
**Fourth Quarter Results**  
**For the Financial Period ended**  
**30 June, 2017**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter Ended 30.06.2017 RM'000	Preceding Period Corresponding Quarter Ended 30.06.2016 RM'000	(Unaudited) Current Period- To-Date Ended 30.06.2017 RM'000	(Audited) Preceding Period Corresponding Quarter Ended 30.06.2016 RM'000
<b>Revenue</b>	37,954	59,854	142,844	158,791
Cost of Sales	(35,627)	(55,848)	(122,595)	(136,487)
<b>Gross Profit</b>	2,327	4,006	20,249	22,304
Other income	6,670	1,993	6,971	3,628
Selling and distribution costs	(1,238)	(2,145)	(8,520)	(11,004)
Administrative expenses	(4,645)	(1,190)	(8,295)	(5,064)
Finance costs	(890)	(1,488)	(4,032)	(5,024)
<b>Profit Before Tax</b>	2,224	1,176	6,373	4,840
Income tax expenses	(1,201)	492	(2,448)	(1,816)
<b>Profit for the Period</b>	1,023	1,668	3,925	3,024
<b>Other Comprehensive Income</b>	-	(246)	-	1,462
<b>Total Comprehensive Income for the Period</b>	1,023	1,422	3,925	4,486
<b>Profit for the Period attributable to:</b>				
Owners of the Company	1,023	1,668	3,925	3,024
	1,023	1,668	3,925	3,024
<b>Total Comprehensive Income attributable to:</b>				
Owners of the Company	1,023	1,422	3,925	4,486
	1,023	1,422	3,925	4,486
<b>Earning per Share (Sen)</b>				
Basic	0.98	1.67	3.77	3.02
Diluted	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30th June, 2016 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

	<b>(Unaudited) As at 30.06.2017 RM'000</b>	<b>(Audited) As at 30.06.2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	162,310	166,380
Intangible assets	800	800
	<u>163,110</u>	<u>167,180</u>
<b>Current Assets</b>		
Inventories	15,226	15,814
Trade and other receivables	62,068	52,983
Amount due from associate company	2,138	1,480
Tax recoverable	166	448
Assets held for sale	11,907	11,885
Cash and bank balances	8,640	5,962
	<u>100,145</u>	<u>88,572</u>
<b>TOTAL ASSETS</b>	<u><u>263,255</u></u>	<u><u>255,752</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	104,000	100,000
Share premium	2,166	2,149
Merger reserve	(17,444)	(17,444)
Revaluation reserve	27,847	27,845
Retained earnings	42,789	39,905
<b>TOTAL EQUITY</b>	<u>159,358</u>	<u>152,455</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Long-term borrowings	5,541	12,118
Deferred tax liabilities	6,954	4,954
	<u>12,495</u>	<u>17,072</u>
<b>Current Liabilities</b>		
Trade and other payables	30,468	21,296
Short-term borrowings	60,934	64,924
Tax payable	-	5
	<u>91,402</u>	<u>86,225</u>
<b>TOTAL LIABILITIES</b>	<u>103,897</u>	<u>103,297</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>263,255</u></u>	<u><u>255,752</u></u>
Net Assets per Ordinary Share (RM)	<u>1.53</u>	<u>1.52</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30th June, 2016 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	Attributable to Equity Holders of the Parent Entity						Total RM'000
	Non - Distributable			Distributable			
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	
<b><u>Current Quarter</u></b>							
<b>As at 01 July 2016</b>	104,000	-	(17,444)	27,847	-	39,905	154,308
Employees share option scheme	-	2,149	-	-	-	17	2,166
Profit for the period	-	-	-	-	-	3,924	3,924
Total comprehensive income for the period	104,000	2,149	(17,444)	27,847	-	3,924	160,398
Dividends paid	-	-	-	-	-	(1,040)	(1,040)
<b>As at 30 June 2017</b>	<u>104,000</u>	<u>2,149</u>	<u>(17,444)</u>	<u>27,847</u>	<u>-</u>	<u>42,806</u>	<u>159,358</u>
<b><u>Preceding Corresponding Quarter</u></b>							
<b>As at 01 July 2015</b>	89,070	1,201	(17,444)	26,383	-	36,881	136,091
Employees share option scheme	10,930	947	-	-	-	-	11,877
Other comprehensive income:							
- Revaluation surplus on properties	-	-	-	1,463	-	-	1,463
Profit for the period	-	-	-	-	-	3,024	3,024
Total comprehensive income for the period	-	-	-	1,463	-	3,024	4,487
<b>As at 30 June 2016</b>	<u>100,000</u>	<u>2,148</u>	<u>(17,444)</u>	<u>27,846</u>	<u>-</u>	<u>39,905</u>	<u>152,455</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30th June, 2016 and the accompanying explanatory notes attached to the interim financial statements.



The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30th June, 2016 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	(Unaudited) Current Year- to-date 30.06.2017 RM'000	(Audited) Preceding Year Corresponding period 30.06.2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,373	4,840
Adjustments for:-		
Impairment of inventory	2,900	-
Depreciation of property, plant and equipment	5,978	5,737
Gain on disposal of property, plant and equipment	(1)	5
Interest expenses	4,032	4,096
Provision of doubtful debt	73	-
Share-based payment	17	352
Bad debt written off	-	23
Unrealised gain on foreign exchange	(4,890)	(1,787)
Revaluation deficit	-	1,095
Operating profit before changes in working capital	14,482	14,361
Changes in inventories	588	479
Changes in amount due to associate company	-	4,117
Changes in trade and other receivables	9,085	(2,181)
Changes in trade and other payables	(5,478)	1,776
Cash generated from operations	18,677	18,552
Dividend paid	-	-
Tax paid	(282)	(208)
Tax refunded	-	137
Interest paid	(4,032)	(4,096)
<b>Net cash from operating activities</b>	<b>14,363</b>	<b>14,385</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(1,930)	(11,273)
Proceed from disposal of property, plant and equipment	-	3
Transfer of asset to holding company	-	4,863
<b>Net cash used in investing activity</b>	<b>(1,930)</b>	<b>(6,407)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(1,040)	-
Redeemable of employees share option scheme	4,000	5,136
Net changes in bankers' acceptance	(5,141)	5,422
Repayment of term loans	(725)	(790)
Repayment of hire purchase payables	(6,849)	(6,632)
<b>Net cash used in financing activities</b>	<b>(9,755)</b>	<b>3,136</b>
<b>Net Changes in Cash and Cash Equivalents</b>	<b>2,678</b>	<b>11,114</b>
<b>Cash and Cash Equivalents at beginning of the period</b>	<b>5,962</b>	<b>(5,152)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>8,640</b>	<b>5,962</b>

**Cash and cash equivalents included in the Unaudited Condensed Consolidated Statement of Cash Flows comprise the following:-**

	30.06.2017 RM'000	30.06.2016 RM'000
Cash and bank balances	8,640	5,962
	<u>8,640</u>	<u>5,962</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30th June, 2016 and the accompanying explanatory notes attached to the interim financial statements.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE, 2017**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134**

**A1. Basis of Preparation**

The restated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Pursuant to instructions of the Securities Commission vide their letter dated 21 May 2018 post the re-audit completed for Audited Financial Statements 2015 and 2016. The re-statement of the quarterly result is for Financial Year Ended 2017 and 2018

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. These 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 2016.

**A2. Significant accounting policies**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group:-

**a) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1st January 2017**

- Amendments to MFRS 12, *Annual Improvements to MFRS Standards 2014-2016 Cycle*
- Amendments to MFRS 107, *Disclosure Initiative*
- Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*

**b) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1st January 2018**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures*
- Amendments to MFRS 140, *Transfers of Investment Property*

**c) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1st January 2019**

- MFRS 16, *Leases*



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**A2. Significant accounting policies (continued)**

**d) MFRSs, Interpretations and Amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group, except MFRS 9 and MFRS 15.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 and MFRS 9.

**A3. Audit Report Qualification and Status of Matters Raised**

The audit report of the preceding annual financial statements was not qualified, but due to the changes in the re-audit for Audited Financial Statement 2015 and 2016, these has been some changes to the Balance Sheet and Retained Earnings of the Company as stated hereafter.

**A4. Seasonality or Cyclicity Factors**

The operations of the Group were not affected by seasonal or cyclical factors.

**A5. Items of Unusual Nature**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

**A6. Change in Estimates of Amounts Reported**

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter and financial year-to-date.

**A7. Changes in Debt and Equity Securities**

There were no issuances and repayment of debts and equity securities for current quarter and financial year-to-date.

**A8. Dividends Paid**

There were no dividends paid during the quarter under review.



## A9. Segmental Reporting

MFRS 8 – *Operating Segment* requires separate reporting of segmental information for operating segments. Operating segments reflect the Group’s management structure and the way financial information is regularly reviewed by the Executive Board in making decisions.

Detailed segmental reporting is not provided as the Group’s primary business segments is principally engaged in the manufacturing and trading of confectionery, sweets and candies and its operation is principally located in Malaysia.

Segment assets, segment liabilities and capital additions were not disclosed as they were not regularly provided to the chief operating decision maker for their day-to-day operation decision making.

Therefore, the Group’s operations can be segmented by business activities namely:

- a) Manufacturing and trading of confectionery, sweets and candies; and
- b) Investment holding

The segment analysis for the current financial period-to-date:

Segment Revenue and Results	Cumulative Quarter ended 30 June, 2017			
	Investment Holding RM'000	Manufacturing and Trading RM'000	Elimination RM'000	Group (total) RM'000
<b>Revenue</b>				
- Export	-	73,428	-	<b>73,428</b>
- Local	-	69,416	-	<b>69,416</b>
Total revenue	-	<b>142,844</b>	-	<b>142,844</b>
<b>Results : Operating profit</b>	-	<b>10,422</b>	-	<b>10,422</b>

Segment Revenue and Results	Cumulative Quarter ended 30 June, 2016			
	Investment Holding RM'000	Manufacturing and Trading RM'000	Elimination RM'000	Group (total) RM'000
<b>Revenue</b>				
- Export	-	73,488	-	73,488
- Local	-	85,302	-	85,302
Total revenue	-	158,790	-	158,790
<b>Results : Operating profit</b>	-	9,864	-	9,864

Reconciliation of reportable segment profit:	Cumulative Quarter	
	30.06.2017 RM'000	30.06.2016 RM'000
Total operating profit for reporting segment	10,422	9,864
Finance costs	(4,032)	(5,024)
<b>Consolidated profit before tax</b>	<b>6,390</b>	<b>4,840</b>

**A9. Segmental Reporting (continued)**

Segmental analysis for the period ended 30th June 2017 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	30,189	Poor ( ) Average ( ) Good ( v )  Demand Poor ( ) Average ( ) Strong ( v )	>50% ( ) 50.1% > 75% ( ) 75.1% > 100% ( v )	Raw Material Prices ( v ) Market Conditions ( v ) Product Competition ( ) Market Competition ( v ) Prices Increases ( ) New Product Variety ( ) New Product Segment ( ) Capacity Expenditure ( ) Others:- ( )	-NA-	-NA-
2	Sweets and Candies	112,655	Poor ( ) Average ( ) Good ( v )  Demand Poor ( ) Average ( ) Strong ( v )	>50% ( ) 50.1% > 75% ( ) 75.1% > 100% ( v )	Raw Material Prices ( v ) Market Conditions ( v ) Product Competition ( ) Market Competition ( ) Prices Increases ( ) New Product Variety ( ) New Product Segment ( ) Capacity Expenditure ( ) Others:- ( )	-NA-	-NA-
Total		142,844					

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



**A10. Valuations of property, plant and equipment**

The valuations of land and buildings have been brought forward, without any amendments from the previous annual financial statements.

**A11. Material Events Subsequent to the End of the Quarterly Period**

There were no material events subsequent to the end of quarter that has not been reflected in the Interim Financial Statements for the quarter under review.

**A12. 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.

**A13. Changes in Contingent Liabilities and Contingent Assets**

There were no material changes in the contingent liabilities or contingent assets of the Group since the end of the last annual balance sheet date.

**A14. Capital Commitments**

There were no material capital commitments during the current quarter under review.

**A15. Summary of changes prior to adjustments and after adjustments**

	<u>Before Re-Audit</u> <u>RM</u>	<u>After Re-Audit</u> <u>RM</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	162,332	162,310
Intangible assets	1,600	800
<b>Current Assets</b>		
Inventories	10,039	15,226
Trade and other receivables	64,852	62,068
Amount due from associate company	657	2,138
Assets held for sale	-	11,907
<b>Equity attributable to owners of the Company</b>		
Share premium	-	2,166
Revaluation reserve	26,464	27,847
Retained earnings	47,053	42,789
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	3,715	6,954
<b>Current Liabilities</b>		
Trade and other payables	18,023	30,468



## **B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

### **B1. Review of Performance**

#### **Current Quarter against Previous Year Corresponding Quarter (Individual Quarter)**

In the current quarter ended 30th June 2017, the Group registered lower revenue of RM37,954,000 compared to previous year corresponding quarter ended 30th June 2016 of RM59,854,000. The profit before tax has increased from RM1,176,000 to RM2,224,000.

### **B2. Comparison with the Preceding Quarter's Result**

The Group posted a higher revenue in the current quarter of RM37,954,000 as compared to the preceding quarter ended 31st March 2017 of RM33,496,000 representing an increase of RM4,458,000. The profit before tax has increased from RM1,392,000 to RM2,224,000.

### **B3. Prospects of the Group**

The financial year ending 30th June 2017 is another challenging year. The Management will continue with its plans to mitigate the impact of currently known challenges including forecasts that sugar prices will be on a higher trend throughout the year. As such, the Management will implement initiatives to strengthen the overall position the Company on the medium to long term such as adopting a conservative foreign exchange rate policy for its export business, conducting a limited market rationalization plan as well as continual upgrades to production facilities to reduce wastage levels and manpower requirements.

Despite the challenges, the prospects of the Group remain positive with continual efforts to broaden the reach of its domestic distribution network supported with selective marketing campaigns while the priority on the export market is to focus on key destinations whilst exploring new potential markets via participation in trade fairs. As such, we anticipate that these business segments will remain good and stable for the upcoming financial year ending 30th June 2017. In particular, the continued strength of the chewy candy products has been most encouraging while the other candy segments have been shown to be resilient with the wafer segments showing sustained growth. The Group will continue to leverage on the chewy candy and wafer segments for future growth.

There are no changes in business direction which may have an impact on any of the business segments of the Group.

### **B4. Profit Forecast**

The Group did not publish any profit forecast or profit guarantee for the year under review.



**B5. Tax Expense**

Tax expense comprises of the followings:

	<b>Current Quarter 30.06.2017 RM'000</b>	<b>Cumulative Quarter 30.06.2017 RM'000</b>
<b>Income tax expense</b>		
- Current year	81	290
- Prior year	-	158
	<u>81</u>	<u>448</u>
<b>Deferred tax</b>		
- Current year	1,120	2,000
	<u>1,201</u>	<u>2,448</u>
<b>Total income tax expense</b>	<u><u>1,201</u></u>	<u><u>2,448</u></u>

**B6. Corporate Proposals**

There were no corporate proposals during the current quarter under review.

**B7. Group Borrowings**

	<b>The Group 30.06.2017 RM'000</b>
<b>Short-term Borrowings:</b>	
Bankers' acceptance	54,153
Hire-purchase payables	6,514
Term loans	267
	<u>60,934</u>
<b>Long-term Borrowings:</b>	
Hire-purchase payables	5,541
	<u>5,541</u>

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

**B8. Material Litigation**

The Directors do not have any knowledge of any proceedings pending or threatened against the Group as the date of this report.



**B9. Dividends Proposed**

There were no dividends proposed by the Company during the current quarter under review.

**B10. Retained Earnings**

The Group's breakdown of realised and unrealised retained profits pursuant to Paragraphs 2.06 and 2.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, are disclosed as follows:-

	<b>Unaudited As at 30.06.2017 RM'000</b>	<b>Audited As at 30.06.2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	53,984	46,677
- Unrealised	<u>(6,954)</u>	<u>3,357</u>
	47,030	50,034
Consolidated adjustments	<u>(4,241)</u>	<u>(4,241)</u>
<b>Total Group retained earnings</b>	<u><u>42,789</u></u>	<u><u>39,905</u></u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1: Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**B11. Profit Before Tax**

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

	<b>Current Quarter 30.06.2017 RM'000</b>	<b>Cumulative Quarter 30.06.2017 RM'000</b>
Interest income	-	-
Other income including investment income	(6,670)	(6,971)
Interest expenses	890	4,032
Depreciation of property, plant and equipment	1,657	5,978
Provision for and write off receivables	73	73
Provision for and write off inventories	2,900	2,900
(Gain) or loss on disposal of property, plant and equipment	-	(1)
(Gain) or loss on foreign exchange	<u>(4,890)</u>	<u>(4,890)</u>

Save as disclosed in the above, there were no (gain) or loss on derivatives, exceptional items and the other items required to be disclosed under the additional disclosure requirements for Public Listed Companies that are listed on the Main Markets of Bursa Malaysia Securities Berhad.



**B12. Earnings per share (EPS)**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders over the weighted average number of ordinary shares in issue during the period.

	Current Quarter		Cumulative Quarter	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net profit attributable to ordinary shareholders (RM'000)	1,023	1,668	3,925	3,024
Weighted average number of ordinary shares - in units ( '000)	104,000	100,000	104,000	100,000
<b>Basic EPS (Sen)</b>	<b>0.98</b>	<b>1.67</b>	<b>3.77</b>	<b>3.02</b>

**(b) Diluted earnings per share**

Not applicable for the Group.

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

**PROF. DR. HJ. MOHD AMY AZHAR BIN MOHD HARIF  
AUDIT COMMITTEE CHAIRMAN  
Dated: 8 May 2019**