

**LEE SWEE KIAT GROUP BERHAD** (Co No: 607583-T)**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEP 2008**

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 9 Months ended	
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
Revenue	18,048	18,165	55,724	52,653
Operating profit	754	834	2,453	2,290
Other income	75	11	100	72
Finance Cost	576	606	1,731	1,633
Profit Before Tax	253	239	822	729
Income Tax	16	19	50	51
Profit After Tax	237	221	772	679
Net Profit for The Period	237	221	772	679
Net EPS (sen)				
Basic	0.14	0.13	0.46	0.40
Diluted	0.14	0.13	0.46	0.40
Dividend Per Share	-	-	-	-

**CONSOLIDATED BALANCE SHEET
AS AT 30 SEP 2008**

(The figures have not been audited)

	As at end of current quarter 30/09/2008 RM'000	Audited As at 31/12/2007 RM'000
PROPERTY, PLANT AND EQUIPMENT	38,912	39,758
CURRENT ASSETS		
Inventories	17,860	17,704
Trade receivables	20,859	20,980
Other receivables, deposits and prepayments	691	497
Taxation	62	6
Fixed deposits	1,320	1,045
Cash and bank balances	951	586
	41,744	40,819
CURRENT LIABILITIES		
Trade payables	6,522	5,123
Other payables, deposits and accruals	2,772	2,016
Short term borrowings	25,423	25,168
Bank Overdraft	772	1,752
Term loan	1,891	1,886
Hire purchase creditors	1,660	1,660
	39,041	37,606
NET CURRENT ASSETS	2,703	3,214
LONG TERM LIABILITIES		
Long term borrowings	4,854	5,705
Hire purchase creditors	1,121	2,399
Deferred taxation	3,166	3,166
	9,141	11,270
	32,474	31,702
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(51,434)	(52,206)
TOTAL SHAREHOLDERS' EQUITY	32,474	31,702
Net Assets per Share of RM0.50 each (RM)	0.19	0.19

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEP 2008**

	9 Months ended 30/09/2008 RM'000	9 Months ended 30/06/2007 RM'000
Profit before tax	822	729
Adjustments for:-		
Non-cash items	2,775	2,870
Operating profit before changes in working capital	<u>3,598</u>	<u>3,599</u>
Net Change in current assets	(228)	(1,714)
Net Change in current liabilities	2,155	(457)
Cash (used in)/generated from operations	<u>5,525</u>	<u>1,429</u>
Tax paid	(107)	50
Net cash generated from operating activities	<u>5,418</u>	<u>1,479</u>
Investing Activities		
Acquisition of property, plant & equipment	(1,929)	(2,615)
Net cash (used in)/generated from investing activities	<u>(1,929)</u>	<u>(2,615)</u>
Financing Activities		
Additional / (Repayment) of hire purchase creditors - Net	(1,278)	(1,066)
Additional / (Repayment) of term loan - Net	(846)	(525)
Bank borrowings	255	2,434
Net cash used in financing activities	<u>(1,869)</u>	<u>843</u>
Net change in cash and cash equivalents	1,620	(294)
Cash and cash equivalents b/f	(121)	954
Cash and cash equivalents c/f	<u>1,499</u>	<u>661</u>

Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-

	30/09/2008 RM'000	30/09/2007 RM'000
Fixed Deposits	1,320	1,025
Cash and bank balances	951	661
Bank overdrafts	(772)	(1,025)
	<u>1,499</u>	<u>661</u>



LEE SWEE KIAT GROUP BERHAD (Co No: 607583-T)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEP 2008

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
9 Months ended 30/09/2008			
Balance as at 31 Dec 2007	83,908	(52,206)	31,702
Movement during the period			
Profit for the year as per Income Statement	-	772	772
Net Movement During the year	-	772	772
Balance as at 30 Sep 2008	83,908	(51,434)	32,474

9 Months ended 30/09/2007			
Balance as at 31 Dec 2006	83,908	(53,689)	30,219
Movement during the period			
Profit for the year as per Income Statement	-	679	679
Net Movement During the year	-	679	679
Balance as at 30 Sep 2007	83,908	(53,011)	30,897

A. NOTES TO THE INTERIM FINANCIAL REPORT

Basis of Accounting and Accounting Policies.

The interim financial report is unaudited and has been prepared in accordance with FRS 134 (formerly MASB 26), Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007.

The preparation of an interim financial report in conformity with FRS134, Interim Financial Reporting requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2007.

2. Audit Report on Financial Statements.

The financial statements of LSKG for the financial year ended 31 December 2007 have been reported without any audit qualification.

3. Seasonal or Cyclical Factors

The business activities of the Group are not significantly affected by seasonal and cyclical factors.

4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There is no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

5. Material changes in estimates

There is no material change in estimates for the period under review.

6. Issuance and Repayment of Debt and Equity Securities

There is no issuance or repayment of any debt and equity securities during the period under review.

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

7. Dividend

LSKG has not declared or paid any dividends in respect of the financial period under review.

8. Segmental Information for the Current Financial Period

No segmental information is presented, as LSKG is principally involved in the foam, laminated foam, mattress and its related products.

9. Valuation of Property, Plant & Equipment

All assets under the Group have not been revalued and are carried at historical cost.

10. Significant Subsequent Events

There is no significant event subsequent to the date of this report which will significantly affect the content of this report

11. Effect of Changes in the Composition of the Group

The group has disposed off a dormant subsidiary, Easysleep Marketing (M) Sdn Bhd for RM600,000 in the second quarter, based on the net book value of the company.

12. Contingent Liabilities

There is an award by the industrial court to allow for joinder application by an ex-employee of Long Huat Group Bhd on 7th August 2008. The amount of claim is approximately RM130,000. The case involved industrial dispute in 2001 between the claimant and Long Huat Group Bhd. After seeking legal opinion, the Board of Directors is of the view that S176 of the Companies Act shall restrict such claim on the white knight and the possibility of the claim being awarded by the court is remote, and thus no provision will be made.

13. Review of Financial Performance

The revenue and profit before tax of the Group for the current quarter amounted to RM18.05 million and RM0.253 million respectively. Turnover is stable as compared to previous year's corresponding quarter and profit before tax has improved by 5.9% compared to the previous year's corresponding quarter of RM0.239 million.

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

14. Variation of Results Against Preceding Quarter

The current quarter's profit before taxation of RM0.253 million represent a decrease of 22.1% compared to the preceding quarter's profit before taxation of RM0.325 million mainly due higher charge of forex in the current quarter.

15. Current Year Prospects

The Group has continued to achieve satisfactory sales for the period under review. Baring unforeseen circumstances, the group is expected to achieve satisfactory result in the coming year.

16. Profit Forecast / Guarantee

Not applicable.

17. Taxation

The deferred tax liabilities on deductible temporary differences recognised in the financial statements as required under the MASB 25 were as follows:

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	Group RM'000
Tax effect of	
- Excess of capital allowances over accumulated Depreciation on property, plant and equipment	3,166

	3,166
	=====

18. Sale of Unquoted Investments and Properties

There is no purchase or disposal of unquoted investment and properties except as per note 11) above.

19. Purchase / Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the quarter under review.

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

20. Status of the Corporate Proposals

There is no impending corporate proposal for the period under review.

21. Group Borrowings

The Group borrowings as at the end of the reporting quarter are as follows:

Short Term Borrowings

	Group RM'000
Bankers' acceptances	25,423
Overdraft	772
Long term loans due within twelve months	1,891
Hire purchase creditors	1,660

	29,746
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The bankers acceptances and loans of LSKG bear interest at rates ranging from 4.03% to 8.30% per annum and are secured by: -

- (i) Fixed charge on land and building of a subsidiary company
- (ii) Fixed deposits;

Long Term Liabilities

	Group RM'000
Term Loans	6,745
Less : Portion due within twelve months	(1,891)

Portion due after twelve months	4,854
Hire purchase creditors payable after one year	1,121

Total	5,975
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22. Off Balance Sheet Financial Instruments

As at the date of this report, the Group does not have any off balance sheet financial instruments.

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

23. Material Litigation

The Group does not have any material litigation as at 26 Nov 2008.

24. Dividend

No dividend has been declared for the quarter under review.

25. Net Earnings Per Ordinary Share

The earnings per ordinary share is calculated based on the Group's profit after taxation on the number of ordinary share of RM0.50 each of 167,815,704 in issue

	Current Year-To-Date Ended 30 Sep 2008 RM'000
Profit After Taxation	772
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	0.46
Diluted	0.46

By Order of the Board

Eric Lee
Executive Director

26 Nov 2008