



**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DEC 2008**

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 12 Months ended	
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Revenue	22,650	20,287	78,373	72,940
Operating profit	356	677	2,809	2,967
Other income	32	31	132	103
Finance Cost	611	600	2,342	2,233
Profit Before Tax	(224)	108	599	837
Income Tax	(183)	(82)	(133)	(31)
Profit After Tax	(41)	188	732	867
Net Profit for The Period	(41)	188	732	867
Net EPS (sen)				
Basic	(0.02)	0.11	0.44	0.52
Diluted	(0.02)	0.11	0.44	0.52
Dividend Per Share	-	-	-	-

**CONSOLIDATED BALANCE SHEET
AS AT 31 DEC 2008**

(The figures have not been audited)

	As at end of current quarter 31/12/2008 RM'000	Audited As at 31/12/2007 RM'000
PROPERTY, PLANT AND EQUIPMENT	36,896	39,758
CURRENT ASSETS		
Inventories	18,818	17,704
Trade receivables	20,485	20,980
Other receivables, deposits and prepayments	550	497
Taxation	-	6
Cash and bank balances	2,349	1,631
	42,201	40,819
CURRENT LIABILITIES		
Trade payables	3,475	5,123
Other payables, deposits and accruals	2,887	2,016
Short term borrowings	28,258	26,920
Taxation	52	-
Term loan	1,891	1,886
Hire purchase creditors	1,634	1,660
	38,197	37,606
NET CURRENT ASSETS	4,004	3,214
LONG TERM LIABILITIES		
Long term borrowings	4,593	5,705
Hire purchase creditors	743	2,399
Deferred taxation	2,900	3,166
	8,235	11,270
	32,664	31,702
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(51,243)	(52,206)
TOTAL SHAREHOLDERS' EQUITY	32,664	31,702
Net Assets per Share of RM0.50 each (RM)	0.19	0.19

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DEC 2008

	12 Months ended 31/12/2008 RM'000	12 Months ended 31/12/2007 RM'000
Profit before tax	599	837
Adjustments for:-		
Non-cash items	3,709	3,700
Non-cash items - Adjust for prior year Impairment charge	231	
Operating profit before changes in working capital	<u>4,539</u>	<u>4,537</u>
Net Change in current assets	(670)	(3,632)
Net Change in current liabilities	(777)	610
Cash (used in)/generated from operations	<u>3,091</u>	<u>1,515</u>
Tax paid	(75)	98
Net cash generated from operating activities	<u>3,016</u>	<u>1,613</u>
Investing Activities		
Acquisition of property, plant & equipment	(846)	(1,721)
Net cash (used in)/generated from investing activities	<u>(846)</u>	<u>(1,721)</u>
Financing Activities		
Additional / (Repayment) of hire purchase creditors - Net	(1,683)	(1,492)
Additional / (Repayment) of term loan - Net	(1,107)	(749)
Bank borrowings	1,338	1,274
Net cash used in financing activities	<u>(1,452)</u>	<u>(967)</u>
Net change in cash and cash equivalents	718	(1,075)
Cash and cash equivalents b/f	1,631	954
Cash and cash equivalents c/f	<u>2,349</u>	<u>(121)</u>

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

	31/12/2008 RM'000	31/12/2007 RM'000
Fixed Deposits		
Cash and bank balances	2,349	1,631
Bank overdrafts	-	(1,752)
	<u>2,349</u>	<u>(121)</u>



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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DEC 2008**

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
12 Months ended 31/12/2008			
Balance as at 31 Dec 2007	83,908	(51,975)	31,933
Movement during the period			
Profit for the year as per Income Statement	-	732	732
Net Movement During the year	-	732	732
Balance as at 31 Dec 2008	83,908	(51,243)	32,664

12 Months ended 31/12/2007			
Balance as at 31 Dec 2006	83,908	(53,074)	30,834
Movement during the period			
Profit for the year as per Income Statement	-	867	867
Net Movement During the year	-	867	867
Balance as at 31 Dec 2007	83,908	(52,206)	31,702

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 loss before tax of the Group for the current quarter amounted to RM22.65 million and RM0.224 million respectively. Turnover has increased by 11.6 % as compared to previous year's corresponding quarter and the group registered a loss of 0.224 million against the profit for previous year's corresponding quarter of RM0.108 million. The loss is mainly

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

due to one-off impairment charge of RM0.244 million for a dormant subsidiary which was disposed off in the year. The group also suffered from forex loss of RM0.202 million due to volatility of the export currency.

14. Variation of Results Against Preceding Quarter

The current quarter's loss before taxation of RM0.224 million represent a decrease compared to the preceding quarter's profit before taxation of RM0.253 million mainly due to the one time impairment charge of RM0.244 million for a dormant subsidiary in the current quarter. The group also suffered from forex loss of RM0.202 million due to volatility of the export currency.

15. Current Year Prospects

The Group has continued to achieve satisfactory sales for the period under review. However, the Board is concern that the current global financial crisis may have an adverse impact on the performance of the group for 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:

-	
	Group
	RM'000
Tax effect of	
- Excess of capital allowances over accumulated Depreciation on property, plant and equipment	2,900

	2,900
	=====

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

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

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

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	28,258
Overdraft	0
Long term loans due within twelve months	1,891
Hire purchase creditors	1,634

	31,783
	=====

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	6,484
Less : Portion due within twelve months	(1,891)

Portion due after twelve months	4,593
Hire purchase creditors payable after one year	743

Total	5,336
	=====

22. Off Balance Sheet Financial Instruments

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

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

23. Material Litigation

The Group does not have any material litigation as at 26 Feb 2009.

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 31 Dec 2008 RM'000
Profit After Taxation	732
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	0.44
Diluted	0.44

By Order of the Board

Eric Lee
Executive Director

26 Feb 2009