



**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 MAR 2009**

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 3 Months ended	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Revenue	18,997	18,685	18,997	18,685
Operating profit	755	793	755	793
Other income	32	6	32	6
Finance Cost	482	554	482	554
Profit Before Tax	305	245	305	245
Income Tax	23	13	23	13
Profit After Tax	282	232	282	232
Net Profit for The Period	282	232	282	232
Net EPS (sen)				
Basic	0.17	0.14	0.17	0.14
Diluted	0.17	0.14	0.17	0.14
Dividend Per Share	-	-	-	-

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

(The figures have not been audited)

	As at end of current quarter 31/03/2009 RM'000	Audited As at 31/12/2008 RM'000
PROPERTY, PLANT AND EQUIPMENT	36,623	36,896
<b>CURRENT ASSETS</b>		
Inventories	18,106	18,833
Trade receivables	19,569	20,385
Other receivables, deposits and prepayments	661	511
Taxation	-	-
Fixed deposits	3,208	2,346
Cash and bank balances	41,544	42,075
<b>CURRENT LIABILITIES</b>		
Trade payables	2,842	3,398
Other payables, deposits and accruals	2,751	2,862
Short term borrowings	28,364	28,060
Bank Overdraft	250	198
Taxation	52	67
Term loan	1,185	1,185
Hire purchase creditors	1,485	1,485
	36,929	37,256
<b>NET CURRENT ASSETS</b>	4,614	4,819
<b>LONG TERM LIABILITIES</b>		
Long term borrowings	4,955	5,299
Hire purchase creditors	476	891
Deferred taxation	2,902	2,902
	8,333	9,092
	32,905	32,622
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(51,003)	(51,286)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	32,905	32,622
Net Assets per Share of RM0.50 each (RM)	0.20	0.19

CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MAR 2009

	3 Months ended 31/03/2009 RM'000	3 Months ended 31/03/2008 RM'000
Profit before tax	305	245
Adjustments for:- Non-cash items	841	925
Operating profit before changes in working capital	<u>1,146</u>	<u>1,170</u>
Net Change in current assets	1,393	279
Net Change in current liabilities	(667)	177
Cash (used in)/generated from operations	<u>1,872</u>	<u>1,625</u>
Tax paid	(38)	(10)
Net cash generated from operating activities	<u>1,834</u>	<u>1,615</u>
<b>Investing Activities</b>		
Acquisition of property, plant & equipment	<u>(568)</u>	<u>(56)</u>
Net cash (used in)/generated from investing activities	<u>(568)</u>	<u>(56)</u>
<b>Financing Activities</b>		
Additional / (Repayment) of hire purchase creditors - Net	(415)	(426)
Additional / (Repayment) of term loan - Net	(345)	(293)
Bank borrowings	303	1,384
Net cash used in financing activities	<u>(456)</u>	<u>665</u>
Net change in cash and cash equivalents	810	2,224
<b>Cash and cash equivalents b/f</b>	2,148	(121)
<b>Cash and cash equivalents c/f</b>	<u>2,958</u>	<u>2,103</u>

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

	31/03/2009 RM'000	31/03/2008 RM'000
Fixed Deposits		1,045
Cash and bank balances	3,208	1,841
Bank overdrafts	(250)	(783)
	<u>2,958</u>	<u>2,103</u>



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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MAR 2009

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
<b>3 Months ended 31/03/2009</b>			
Balance as at 31 Dec 2008	83,908	(51,286)	32,622
Movement during the period			
Profit for the year as per Income Statement	-	282	282
Net Movement During the year	-	282	282
Balance as at 31 Mar 2009	83,908	(51,003)	32,905

**3 Months ended  
31/03/2008**

Balance as at 31 Dec 2007	83,908	(51,975)	31,933
Movement during the period			
Profit for the year as per Income Statement	-	232	232
Net Movement During the year	-	232	232
Balance as at 31 Mar 2008	83,908	(51,743)	32,165

**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 2008.

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 2008.

**2. Audit Report on Financial Statements.**

The financial statements of LSKG for the financial year ended 31 December 2008 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**

One of the factories of the Group was destroyed in a fire incident on 21 May 2009. The Management team is taking action to move and consolidate the operations to the other factory for the time being. The factory is insured and the Group will be taking the necessary steps to recover the losses from their insurers. An assessment on the financial impact caused by the fire is being carried out.

**11. Effect of Changes in the Composition of the Group**

There is no change to the composition of the group during the period under review.

**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 7<sup>th</sup> 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.

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

**13. Review of Financial Performance**

The revenue and profit before tax of the Group for the current quarter amounted to RM18.99 million and RM0.305 million respectively. Turnover has increased by 1.7% as compared to previous year's corresponding quarter and profit after tax has increased by 21.6% against the previous year's corresponding quarter of RM0.232 million.

**14. Variation of Results Against Preceding Quarter**

The current quarter's profit before taxation of RM0.305 million represent an increase compared to the preceding quarter's loss before taxation of RM0.224 million mainly due to previous quarter was affected by one time impairment charge of RM0.244 million for a dormant subsidiary in the current quarter.

**15. Current Year Prospects**

The current year prospects may be affected by the fire incident which happened on 21 May 2009. The management is working closely with the insurer to determine the extent of fire loss in due course.

**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	2,902
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	2,902
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**18. Sale of Unquoted Investments and Properties**

There is no purchase or disposal of unquoted investment and properties for the quarter under review.

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

19. Purchase / Disposal of Quoted Securities

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	28,364
Overdraft	250
Long term loans due within twelve months	1,185
Hire purchase creditors	1,485
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	31,284
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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	6,140
Less : Portion due within twelve months	(1,185)
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Portion due after twelve months	4,955
Hire purchase creditors payable after one year	476
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Total	5,431
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A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

**22. Off Balance Sheet Financial Instruments**

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 25 May 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 Mar 2009 RM'000
Profit After Taxation	282
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	0.17
Diluted	0.17

By Order of the Board

**Eric Lee**  
**Executive Director**

25 Mar 2009