



**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUN 2009**

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 6 Months ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue	11,257	18,990	30,254	37,675
Operating profit	(12,845)	907	(12,090)	1,699
Other income	23	19	55	25
Finance Cost	345	601	827	1,155
Profit / (loss) Before Tax	(13,167)	325	(12,862)	570
Income Tax	(2,095)	21	(2,072)	34
Profit / (loss) After Tax	(11,072)	303	(10,790)	535
Net Profit / (loss) for The Period	(11,072)	303	(10,790)	535
Net EPS / (loss) (sen)				
Basic	(6.60)	0.18	(6.43)	0.32
Diluted	(6.60)	0.18	(6.43)	0.32
Dividend Per Share	-	-	-	-

**CONSOLIDATED BALANCE SHEET  
AS AT 30 JUN 2009**

(The figures have not been audited)

	As at end of current quarter 30/06/2009 RM'000	Audited As at 31/12/2008 RM'000
PROPERTY, PLANT AND EQUIPMENT	24,101	36,896
<b>CURRENT ASSETS</b>		
Inventories	8,340	18,833
Trade receivables	13,316	20,385
Other receivables, deposits and prepayments	17,838	511
Taxation	-	-
Fixed deposits	1,347	1,018
Cash and bank balances	2,828	1,328
	<b>43,670</b>	<b>42,075</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	5,531	3,398
Other payables, deposits and accruals	3,618	2,862
Short term borrowings	25,803	28,060
Bank Overdraft	2,251	198
Taxation	16	67
Term loan	1,185	1,185
Hire purchase creditors	1,454	1,485
	<b>39,858</b>	<b>37,256</b>
<b>NET CURRENT ASSETS</b>	<b>3,812</b>	<b>4,819</b>
<b>LONG TERM LIABILITIES</b>		
Long term borrowings	4,875	5,299
Hire purchase creditors	399	891
Deferred taxation	807	2,902
	<b>6,081</b>	<b>9,092</b>
	<b>21,832</b>	<b>32,622</b>
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(62,076)	(51,286)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>21,832</b>	<b>32,622</b>
Net Assets per Share of RM0.50 each (RM)	0.13	0.19

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUN 2009**

	6 Months ended 30/06/2009 RM'000	6 Months ended 30/06/2008 RM'000
Profit / (loss) before tax	(10,767)	570
Adjustments for:-		
Non-cash items	1,687	1,850
Operating profit before changes in working capital	<u>(9,080)</u>	<u>2,419</u>
Net Change in current assets	234	1,209
Net Change in current liabilities	2,889	(286)
Cash (used in)/generated from operations	<u>(5,957)</u>	<u>3,342</u>
Tax paid	<u>(2,170)</u>	<u>(32)</u>
Net cash generated from operating activities	<u>(8,127)</u>	<u>3,311</u>
<b>Investing Activities</b>		
Acquisition of property, plant & equipment	<u>11,107</u>	<u>(1,415)</u>
Net cash (used in)/generated from investing activities	<u>11,107</u>	<u>(1,415)</u>
<b>Financing Activities</b>		
Additional / (Repayment) of hire purchase creditors - Net	(523)	(852)
Additional / (Repayment) of term loan - Net	(424)	(543)
Bank borrowings	<u>(2,257)</u>	<u>355</u>
Net cash used in financing activities	<u>(3,204)</u>	<u>(1,040)</u>
Net change in cash and cash equivalents	(223)	855
Cash and cash equivalents b/f	2,148	(121)
Cash and cash equivalents c/f	<u>1,925</u>	<u>735</u>

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

	30/06/2009 RM'000	30/06/2008 RM'000
Cash and bank balances	4,176	2,020
Bank overdrafts	(2,251)	(1,285)
	<u>1,925</u>	<u>735</u>



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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUN 2009

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
<b>6 Months ended 30/06/2009</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	-	(10,790)	(10,790)
Net Movement During the year	-	(10,790)	(10,790)
Balance as at 30 Jun 2009	83,908	(62,076)	21,832

**6 Months ended  
30/06/2008**

Balance as at 31 Dec 2007	83,908	(51,975)	31,933
Movement during the period			
Profit for the year as per Income Statement	-	535	535
Net Movement During the year	-	535	535
Balance as at 30 Jun 2008	83,908	(51,440)	32,468

**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 Group 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**

One of the Group's factories was destroyed in May 2009. The amount of fire loss is very substantial. As at the reporting date, the insurance adjustor has not been able to finalise the compensation sum for the fire loss. The Board has used their best estimate and judgement to present the financial statements for the current quarter.

**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 the Group 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**

There is no change in 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 has been made.

**13. Review of Financial Performance**

The revenue and loss before tax of the Group for the current quarter amounted to RM11.26 million and RM11.07 million respectively. Turnover has decreased drastically due to the disruption caused by the fire incident in May 2009. The loss before tax is mainly due to one-off loss caused by the

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

fire damage. The Board has used their best estimate and judgement based on information available as at this reporting date. The group recorded revenue of RM18.99 mil and profit before tax of RM0.325 mil in the previous year corresponding quarter.

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

The current quarter's loss before taxation of RM11.07 million compared to the preceding quarter's profit before taxation of RM0.305 million was mainly due to the one-off fire loss in the current quarter.

**15. Current Year Prospects**

The group has suffered huge one-off loss due to the fire incident. It has also suffered loss of revenue due to disruptions of operations. The group has insurance cover for consequential loss for the loss of revenue but the amount of compensation cannot be determined with reasonable certainty at the moment. Therefore the effect of the compensation of consequential loss is not recorded under this quarter. The Group has taken active steps to minimize the loss in turnover. Despite the one-off financial loss of the fire tragedy, the Group has performed reasonably well with improvement in sales by the other factory not affected by the fire.

**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	807
	----- 807 =====

**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	25,803
Overdraft	2,251
Long term loans due within twelve months	1,185
Hire purchase creditors	1,454
	-----
	30,693
	=====

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	6,060
Less : Portion due within twelve months	(1,185)
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Portion due after twelve months	4,875
Hire purchase creditors payable after one year	399
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Total	5,274
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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 27 Aug 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 loss after taxation on the number of ordinary share of RM0.50 each of 167,815,704 in issue

	Current Year-To-Date Ended 30 Jun 2009 RM'000
Profit / (loss) After Taxation	(10,790)
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	(6.43)
Diluted	(6.43)

By Order of the Board

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

27 Aug 2009