



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

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 9 Months ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Revenue	12,415	18,048	42,668	55,724
Operating profit	560	754	(11,530)	2,453
Other income	5	75	60	100
Finance Cost	474	576	1,301	1,731
Profit / (loss) Before Tax	90	253	(12,771)	822
Income Tax	-	16	(2,072)	50
Profit / (loss) After Tax	90	237	(10,699)	772
Net Profit / (loss) for The Period	90	237	(10,699)	772
Net EPS / (loss) (sen)				
Basic	0.05	0.14	(6.38)	0.46
Diluted	0.05	0.14	(6.38)	0.46
Dividend Per Share	-	-	-	-

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

(The figures have not been audited)

	As at end of current quarter 30/09/2009 RM'000	Audited As at 31/12/2008 RM'000
PROPERTY, PLANT AND EQUIPMENT	24,581	36,896
CURRENT ASSETS*		
Inventories	5,952	18,833
Trade receivables	13,288	20,385
Other receivables, deposits and prepayments	18,014	511
Taxation	41	-
Deposits, cash and bank balances	4,282	2,346
	41,577	42,075
CURRENT LIABILITIES		
Trade payables	7,665	3,398
Other payables, deposits and accruals	3,988	2,862
Short term borrowings	22,044	28,060
Bank Overdraft	2,251	198
Taxation	-	67
Term loan	1,185	1,185
Hire purchase creditors	1,433	1,485
	38,565	37,256
NET CURRENT ASSETS	3,012	4,819
LONG TERM LIABILITIES		
Long term borrowings	4,767	5,299
Hire purchase creditors	97	891
Deferred taxation	807	2,902
	5,671	9,092
	21,923	32,622
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(61,985)	(51,286)
TOTAL SHAREHOLDERS' EQUITY	21,923	32,622
Net Assets per Share of RM0.50 each (RM)	0.13	0.19

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEP 2009

	9 Months ended 30/09/2009 RM'000	9 Months ended 30/09/2008 RM'000
Profit / (loss) before tax	(12,771)	822
Adjustments for:-		
Non-cash items - Depreciation	1,882	2,775
Operating profit before changes in working capital	<u>(10,890)</u>	<u>3,598</u>
Net Change in current assets	2,474	(228)
Net Change in current liabilities	5,392	2,155
Cash (used in)/generated from operations	<u>(3,024)</u>	<u>5,525</u>
Taxation	<u>(131)</u>	<u>(107)</u>
Net cash generated from operating activities	<u>(3,155)</u>	<u>5,418</u>
Investing Activities		
(Acquisition) / Disposal of property, plant & equipment	<u>10,433</u>	<u>(1,929)</u>
Net cash (used in)/generated from investing activities	<u>10,433</u>	<u>(1,929)</u>
Financing Activities		
Drawdown / (Repayment) of hire purchase creditors - Net	(847)	(1,278)
Drawdown / (Repayment) of term loan - Net	(532)	(846)
Drawdown / (Repayment) of other bank borrowings	<u>(6,016)</u>	<u>255</u>
Net cash used in financing activities	<u>(7,395)</u>	<u>(1,869)</u>
Net change in cash and cash equivalents	(117)	1,620
Cash and cash equivalents b/f	2,148	(121)
Cash and cash equivalents c/f	<u>2,031</u>	<u>1,499</u>

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

	30/09/2009 RM'000	30/09/2008 RM'000
Deposits, cash and bank balances	4,282	2,272
Bank overdrafts	<u>(2,251)</u>	<u>(772)</u>
	<u>2,031</u>	<u>1,499</u>



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

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

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
9 Months ended 30/09/2009			
Balance as at 31 Dec 2008	83,908	(51,286)	32,622
Movement during the period			
Profit for the year as per Income Statement	-	(10,699)	(10,699)
Net Movement During the year	-	(10,699)	(10,699)
Balance as at 30 Sep 2009	83,908	(61,985)	21,923

**9 Months ended
30/09/2008**

Balance as at 31 Dec 2007	83,908	(51,975)	31,933
Movement during the period			
Profit for the year as per Income Statement	-	772	772
Net Movement During the year	-	772	772
Balance as at 30 Sep 2008	83,908	(51,203)	32,705

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, 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

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 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**

Subsequent to the date of this report, the Group, through its wholly-owned subsidiary Lamifoam Sdn Bhd, has entered into a sale & purchase agreement (SPA) on 12 Nov 2009 with Eng Beng Manufacturing (M) Sdn Bhd to dispose of one piece of vacant industrial land jointly owned by the Group and a substantial shareholder. The SPA is subject to shareholders' approval at an Extraordinary General Meeting to be conducted in due course.

Save for the aforesaid SPA, there is no other corporate proposals announced but not completed as at the latest practicable date prior to issue of this interim financial 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 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 has been 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 RM12.4 million and RM0.09 million respectively. Turnover has decreased drastically due to the disruption caused by the fire incident in May 2009. Nevertheless, most of the major operations have been stabilized and the Group managed to register a small profit for the current quarter. The Group recorded revenue of RM18 mil and profit before tax of RM0.237 mil in the previous year corresponding quarter.

14. Variation of Results Against Preceding Quarter

The Group managed to turnaround in the current quarter with a profit before taxation of RM0.09 million compared to the preceding quarter's loss before taxation of RM11.07 million.

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 as at this report date. The Group has taken active steps to recover the loss in turnover.

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	807

	807
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A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

18. **Sale of Unquoted Investments and Properties**

No profit/loss has been recognized on any sale of unquoted investments and/or properties during the current quarter and financial year to date.

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	22,044
Overdraft	2,251
Long term loans due within twelve months	1,185
Hire purchase creditors	1,433

	26,913
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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	5,952
Less : Portion due within twelve months	(1,185)

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

Portion due after twelve months	4,767
Hire purchase creditors payable after one year	97

Total	4,864
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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.

23. Material Litigation

The Group does not have any material litigation as at 26 Nov 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 Sep 2009 RM'000
Profit / (loss) After Taxation	(10,699)
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	(6.38)
Diluted	(6.38)

By Order of the Board

Eric Lee
Executive Director

26 Nov 2009