



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

## Condensed Consolidated Statement of Comprehensive Income

For the Period Ended 30 Sep 2024

(The figures have not been audited)

	Individual Period		Changes %	Cumulative Period		Changes %
	3rd Quarter			YTD		
	30/09/2024	30/09/2023		30/09/2024	30/09/2023	
	RM'000	RM'000		RM'000	RM'000	
Revenue	28,174	32,706	-13.9%	95,272	93,496	1.9%
Operating profit	1,337	4,135	-67.7%	7,395	10,915	-32.3%
Other income	311	373	-16.4%	1,171	1,005	16.5%
Finance Cost	-46	-79	-41.4%	-149	-223	-33.2%
Profit Before Tax	1,602	4,429	-63.8%	8,416	11,697	-28.0%
Income Tax	-601	-978	-38.5%	-1,602	-2,178	-26.5%
Profit after tax and before minority interests	1,001	3,451	-71.0%	6,815	9,519	-28.4%
Minority interests	0	0	#DIV/0!	11	8	47.6%
Profit attributable to Ordinary Equity holders of the parent	1,001	3,451	-71.0%	6,826	9,527	-28.3%
Earnings per share (sen)						
Basic (Adjusted for bonus issue)	0.40	1.43	-72.1%	2.71	3.93	-31.1%
Diluted (Adjusted for bonus issue)	0.40	1.43	-72.1%	2.71	3.93	-31.1%
Dividend Per Share (sen)	0.00	0.00		0.00	0.00	



# LEE SWEE KIAT GROUP BERHAD (CO NO: 607583-T)

## Condensed Consolidated Statement of Financial Position

As at 30 Sep 2024

(The figures have not been audited)

	As at end of current quarter 30/09/2024 RM'000	Audited As at 31/12/2023 RM'000
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment	36,633	37,916
Intangible Assets	5,858	5,858
Right-of-use Assets	6,064	2,528
Trade receivables	9,350	6,239
	57,906	52,541
<b>CURRENT ASSETS</b>		
Inventories	17,188	14,461
Trade receivables	22,669	21,440
Other receivables, deposits and prepayments	2,878	3,069
Taxation	237	204
Deposits, cash and bank balances	20,691	26,118
	63,662	65,291
		-
<b>CURRENT LIABILITIES</b>		
Trade payables	21,903	19,561
Other payables, deposits and accruals	6,364	7,539
Short term borrowings	1,845	2,433
Taxation	429	724
Short term lease liabilities	2,874	2,082
	33,415	32,339
<b>NET CURRENT ASSETS</b>	30,248	32,953
<b>LONG TERM LIABILITIES</b>		
Long term borrowings	1,390	2,648
Long term lease liabilities	3,269	535
Deferred taxation	5,975	5,767
	10,635	8,949
	77,518	76,545
<b>Financed by:</b>		
Share Capital	16,782	16,782
Additional paid up	3,016	-
Treasury shares	(21)	(2,821)
Capital Reserves	5,410	5,410
Retained Earnings	52,332	57,059
Minority Interest	-	116
<b>TOTAL SHAREHOLDERS' EQUITY</b>	77,518	76,545
<b>Net Assets per Share (RM)</b>	0.48	0.30



# LEE SWEE KIAT GROUP BERHAD (CO NO: 607583-T)

## Condensed Consolidated Cashflow Statement For the period ended 30 Sep 2024

	Period ended 30/09/2024 RM'000	Period ended 30/09/2023 RM'000
Profit / (loss) before tax	8,416	11,697
Adjustments for:-		
Non-cash items - Depreciation	3,531	2,473
- Depreciation of right of use assets	2,691	2,984
Operating profit before changes in working capital	<u>14,638</u>	<u>17,154</u>
Net Change in current assets & receivables	(6,875)	(5,055)
Net Change in current liabilities	1,168	(2,762)
Cash (used in)/generated from operations	<u>8,930</u>	<u>9,337</u>
Taxation	<u>(1,721)</u>	<u>(1,312)</u>
Net cash generated from operating activities	<u>7,209</u>	<u>8,025</u>
<b>Investing Activities</b>		
(Acquisition) / Disposal of property, plant & equipment	(2,248)	(1,020)
Changes in Right-of-use assets	<u>(6,227)</u>	<u>(840)</u>
Net cash (used in)/generated from investing activities	<u>(8,475)</u>	<u>(1,860)</u>
<b>Financing Activities</b>		
Increase / (decrease) of lease liabilities	3,527	(2,157)
Increased in Additional Paid up	3,016	-
Drawdown / (Repayment) of bank borrowings	(1,846)	(37)
(Cash used in Share buyback) / Franking of Treasury shares dividend	2,800	-
Changes in Minority Interest	(105)	-
Payment of Treasury shares dividend	(5,906)	-
Payment of cash Dividend	<u>(5,648)</u>	<u>(5,649)</u>
Net cash generated from / (used in) financing activities	<u>(4,161)</u>	<u>(7,843)</u>
Net change in cash and cash equivalents	(5,427)	(1,678)
<b>Cash and cash equivalents b/f</b>	26,118	23,426
<b>Cash and cash equivalents c/f</b>	<u>20,691</u>	<u>21,748</u>

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

	30/09/2024 RM'000	30/09/2023 RM'000
Deposits, cash and bank balances	20,691	21,748
Bank overdrafts	<u>-</u>	<u>-</u>



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

### Consolidated Statement of Changes in Equity For the Period Ended 30 Sep 2024

Period ended	Share capital RM'000	Additional paid up RM'000	Treasury shares RM' 000	Capital Reserves RM'000	Retained earnings RM'000	Minority Interest RM'000	Total RM'000
<b>30/09/2024</b>							
Balance b/f	16,782	-	(2,821)	5,410	57,059	116	76,545
Movement during the period							
Profit for the period				-	6,826	(11)	6,815
Disposal of subsidiary						(105)	(105)
Acquisition of treasury shares			(50)				(50)
Treasury shares dividend		3,016	2,851		(5,906)		(39)
Dividend Payment					(5,648)		(5,648)
Net Movement During the year	-	3,016	2,800	-	(4,727)	(116)	974
Balance c/f	16,782	3,016	(21)	5,410	52,332	-	77,518

Period ended	Share capital RM'000	Additional paid up RM'000	Treasury shares RM' 000	Capital Reserves RM'000	Retained earnings RM'000	Minority Interest RM'000	Total RM'000
<b>30/9/2023</b>							
Balance b/f	16,782	-	(2,821)	5,410	49,057	135	68,562
Movement during the period							
Profit for the period				-	9,527	(8)	9,519
Acquisition of treasury shares							
Dividend Payment					(5,649)		(5,649)
Net Movement During the year	-	-	-	-	3,878	(8)	3,870
Balance c/f	16,782	-	(2,821)	5,410	52,934	128	72,432

**Notes to Quarterly Report****1. Basis of Accounting and Accounting Policies.**

These condensed consolidated interim financial statements for the period ended 30 Sep 2024, have been prepared in accordance with MRFS 134, Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements. The Group prepared its financial statements in accordance with applicable Malaysian Financial Reporting Standards ("MFRS")

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

The financial statements of the Group for the financial year ended 31 December 2023 have been reported without any audit qualification.

**3. Seasonal or Cyclical Factors**

The business activities of the Group tend to have higher sales near the year end festive season but are not significantly affected by any 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**

The Group has completed its bonus issue of up to 83,907,852 new ordinary shares on the basis of 1 new bonus shares for every two existing ordinary shares in Jun 2024. The exercise increased the ordinary shares of the Group from 167,815,704 to 251,723,504 as at June 2024.

**7. Segmental Information for the Current Financial Period**

No segmental information is presented, as the Group is principally involved in latex bedding business with operations in Malaysia and no overseas plant or office.

**8. Valuation of Property, Plant & Equipment**

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

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

The Group disposed off its 60% interest in Homeplus Furniture Sdn Bhd for a consideration of RM0.3 million. The transaction does not have any material impact on the Group.

**10. Status of the Corporate Proposals**

There is no corporate proposal being undertaken by the Group as at the reporting date.

**11. Profit Forecast / Guarantee**

Not applicable.

Notes to Quarterly Reports (cont'd)

12. Discussion and Analysis on Group's Financial Performance

a) Financial review for current quarter and financial year to date

The revenue of the Group for the current quarter decreased by 13.9% to RM28.174 million as compared RM32.706 million in previous year corresponding quarter. The profit before tax for the current quarter decreased by 63.7% to RM1.602 million from RM4.429 million in the previous year corresponding quarter mainly due to lower sales, hike in raw latex price and impairment of Cuckoo receivables as explained below.

The main factors affecting the financial performances are as follow

- i) The market condition – The Group has low sales for domestic division in Q3 of 2024 against previous year corresponding period, including the rent-to-own collaboration with Cuckoo. The export division experienced slight rebound in sales with an increase of 3.3% against previous year corresponding period.
- ii) Level of operating activities – The Group was experiencing slow down in our direct B2C, wholesale as well as rental sales through Cuckoo for domestic market. The latex division for the export market experienced slight recovery in sales from both existing and new customers.
- iii) Key factors affecting revenue, costs and profit margin
  - a. The average latex price spiked in Q3 of 2024 by 48.6% compared to Q3 of 2023, which affected the margin of the current quarter under review.
  - b. The finance cost was lower due to the active repayment of bank borrowing
- iv) Unusual or one-off issue – there is no unusual or one-off issue for the quarter under review.
- v) Diversification or penetration into new market – there is no diversification or significant new market penetration for the period under review
- vi) Merger and acquisition exercises – there is no merger and acquisition activities for the period under review.
- vii) New contracts / termination of existing contract – there is no significant new contract or termination of existing contract for the period under review.
- viii) Impairment of Assets or receivables – the Group took an write off on trade receivable of about RM1.907 million for the Cuckoo Napure rental division.
- ix) Fair value gain / loss on investment – there is no fair value gain or loss on investment for the period under review.
- x) Foreign labour issue – the Group is having sufficient workforce for our operating activities.

13. Financial Review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes %
	30/09/2024	30/06/2024	
	RM' 000	RM' 000	
Revenue	28,174	31,054	- 9.3%
Operating Profit	1,337	1,796	- 25.6%
Other Income	311	437	- 28.8%
Finance cost	(46)	(47)	- 2.1%
Profit Before Tax	1,602	2,187	- 26.7%
Profit After Tax	1,001	2,031	- 50.7%
Profit Attributable to Ordinary	1,001	2,038	- 50.9%

**Notes to Quarterly Reports (cont'd)**

Equity Holders of the Parent			
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The revenue for current quarter decreased by 9.3% to RM28.174 million from RM31.054 million in the preceding quarter mainly due to lower sales from domestic operations as well as written off of blacklisted accounts pursuant to the Cuckoo rental sales, which is offset against the revenue. Profit before tax decreased by 26.7% from RM2.187 million to RM1.602 million against preceding quarter mainly due to lower sales, hike in raw latex price, the impairment Cuckoo receivables in the current quarter.

**14. Other Income / Expenses**

	Current Quarter	Preceding year Corresp'g quarter
	RM' 000	RM' 000
Interest income	71.2	91.3
Other income / (Expenses)	240.25	281.3
Changes in (Provision for )/recovery of doubtful debts	-	-
Gain/ (loss) on disposal of Fixed assets	-	-
Changes in (Provision for )/recovery of Stocks	-	-

**15. Deferred Taxation**

The deferred tax liabilities on deductible temporary differences recognised in the financial statements as required under the MFRS 112 were as follows: -

	YTD ended 30 Sep 2024
Tax effect of	RM' 000
Timing difference between excess of capital allowance over accumulated depreciation on property, plant & equipments	3,056
Timing difference on taxability of interest / service income recognition	2,919
Total	5,975

**16. Group Borrowings**

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

	As at 3 <sup>rd</sup> Quarter ended 2024					
	Long Term		Short Term		Total Borrowings	
	Foreign deno' RM' 000	RM deno'n RM' 000	Foreign deno' RM' 000	RM deno'n RM' 000	Foreign deno' RM' 000	RM deno'n RM' 000
Secured	-	1,390	-	1,845	-	3,235
Unsecured	-	-	-	-	-	-

	As at 3 <sup>rd</sup> Quarter ended 2023					
	Long Term		Short Term		Total Borrowings	
	Foreign deno' RM' 000	RM deno'n RM' 000	Foreign deno' RM' 000	RM deno'n RM' 000	Foreign deno' RM' 000	RM deno'n RM' 000
Secured	-	3,048	-	3,506	-	6,554
Unsecured	-	-	-	-	-	-

b) Group net gearing or net cash position

	Current Quarter	Preceding year Corresp'g quarter
	RM' 000	RM' 000
Total borrowings	(3,235)	(6,554)
Cash	20,691	21,748

Notes to Quarterly Reports (cont'd)

Net (Borrowings)/ Cash	17,456	15,194
Net Assets	77,519	72,432
Net Gearing Ratio	Net cash	Net cash

Commentaries on Group Borrowings and Debt Securities

- i) Total borrowings decreased from RM6.554 million to RM3.235 million against previous year corresponding quarter due to positive cashflow from operations.
- ii) The net cash position increased to RM17.456 million in Q3 of 2024 from RM15.194 million in previous year corresponding quarter due to positive cashflows from operations.
- iii) The interest rates are stable for the period under review.
- iv) The Group occasionally financed certain import purchase denominated in USD using Foreign Currency Trade Loan (FCTL). The Group is having more USD proceeds from export than USD imports thus is practicing natural hedging for USD imports as well as settlement of FCTL.

17. **Contingent Liabilities**

Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries

**RM' 000**  
3,235

18. **Financial Instruments under MFRS 139**

As at 30 Sep 2024, the unrealized gains or loss for the Group is as follows

	Derivatives / year end balances	Contract value (RM' 000)	Balance Sheet value (RM' 000)	Fair Value (RM' 000)	Unrealised Gain (loss) (RM' 000)
1	Foreign Exchange Contracts				
	- Less than 1 year	-	-	-	-
2	Trade related balances	-	(3,368.9)	(3,057.8)	311.1
	Total		(3,368.9)	(3,057.8)	311.1

19. **Foreign Exchange Exposure / Hedging Policy**

The main export currency is USD. The Group has imports in USD for certain of its raw materials and trading goods. The Group practices natural hedging for export proceeds with import payments and may occasionally hedge some of the expected excess USD proceeds.

20. **Trade Receivables**

The Group practices prudent credit control with average debtor days of within 1-2 months. The increase in total trade receivables compared to previous year corresponding quarter was mainly due to the financing of Cuckoo Napure mattress collaboration under the rental model. Under this rental sharing model, the collection would be spread over from 36 up to 84 months and the Group would recognize profit spreading over the period.

For the period under review, the Group took an impairment of approximately RM1.907 million on trade receivables pursuant to the Cuckoo Napure rental sales.

21. **Related Party Transactions**

Sales to Rezttec Industries Sdn Bhd of RM2.035 million for the period under review.



## Notes to Quarterly Reports (cont'd)

### 22. Material Impairment of Fixed Assets

There is no fixed assets impairment during the period under review.

### 23. Prospects for the Current Financial Year

The Board expects that the changes in any of the following factors may have a direct impact on the performance of the Group in 2024 :

- i) The recovery of demand from oversea market.
- ii) Key Raw Material – The fluctuation of the centrifuged latex price which is the main raw materials for the Group's operation.
- iii) The Cuckoo Napure mattress collaboration – this division contributed about 20% of total group revenue. The performance is dependent on the demand on our Cuckoo Napure mattress through the Cuckoo distribution network.
- iv) Foreign Exchange - The changes in exchange rate especially the US Dollar which remains the main foreign currency for our export business, would impact on the Group's operations and margins.
- v) Consumer sentiment and confidence level in spending.
- vi) Property sector - The health of the property sector will have direct impact on furnishing requirements, any recovery in the residential property sector would have positive impact on the Group performance.
- vii) Workers – Any revision to the minimum wages or the labour law that may cause the labour cost to hike.

### 24. Material Litigation

The Group does not have any material litigation as at 27 Nov 2024.

### 25. Dividend

For FY 2023, the Board proposed an interim dividend of 3.5 sen per ordinary shares amounting to approximately RM5.65 million. The Board also proposed a special interim share dividend by distributing the treasury shares on a basis of 1 for every 25 existing ordinary shares.

The above interim cash dividend and special treasury shares dividend were paid in April 2024.

### 26. Significant Subsequent Events

There are no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

### 27. 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 shares of 251,653,024 in issue (net of treasury shares). The number of ordinary shares has been increased pursuant to the bonus issue of one share for every two ordinary shares which was completed in Jun 2024.

	YTD ended 30 Sep 2024
	RM' 000
Profit attributable to ordinary equity holders of the parent	6,826



**Notes to Quarterly Reports (cont'd)**

No of Ordinary shares of RM0.10 each (net of treasury shares)	251,653
Net EPS - Basic (sen)	2.71
Net EPS – Diluted (sen)	2.71

On Behalf of the Board

**Dato' Eric Lee**  
**Managing Director**

27 Nov 2024