



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

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 12 Months ended	
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue	13,649	22,650	56,318	78,373
Operating profit	(710)	559	(12,240)	3,012
Other income	191	34	251	135
Finance Cost	853	611	2,154	2,342
Profit / (loss) Before Tax	(1,372)	(18)	(14,144)	805
Income Tax	1,648	166	3,720	116
Profit / (loss) After Tax	276	148	(10,423)	920
Net Profit / (loss) for The Period	276	148	(10,423)	920
Net EPS / (loss) (sen)				
Basic	0.16	0.09	(6.21)	0.44
Diluted	0.16	0.09	(6.21)	0.44
Dividend Per Share	-	-	-	-

**CONSOLIDATED BALANCE SHEET
AS AT 31 DEC 2009**

(The figures have not been audited)

	As at end of current quarter 31/12/2009 RM'000	Audited As at 31/12/2008 RM'000
PROPERTY, PLANT AND EQUIPMENT	23,718	36,896
Deferred Tax Assets	1,993	-
CURRENT ASSETS		
Inventories	4,919	18,833
Trade receivables	13,437	20,385
Other receivables, deposits and prepayments	17,886	511
Taxation	41	-
Deposits, cash and bank balances	1,395	2,346
	37,678	42,075
CURRENT LIABILITIES		
Trade payables	7,268	3,398
Other payables, deposits and accruals	3,662	2,862
Short term borrowings	21,790	28,060
Bank Overdraft	243	198
Taxation	-	67
Term loan	1,185	1,185
Hire purchase creditors	1,169	1,485
	35,316	37,256
NET CURRENT ASSETS	2,361	4,819
LONG TERM LIABILITIES		
Long term borrowings	4,699	5,299
Hire purchase creditors	-	891
Deferred taxation	1,175	2,902
	5,874	9,092
	22,199	32,622
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(61,709)	(51,286)
TOTAL SHAREHOLDERS' EQUITY	22,199	32,622
Net Assets per Share of RM0.50 each (RM)	0.13	0.19

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DEC 2009**

	12 Months ended 31/12/2009 RM'000	12 Months ended 31/12/2008 RM'000
Profit / (loss) before tax	(14,144)	805
Adjustments for:-		
Non-cash items - Depreciation	2,075	3,707
Operating profit before changes in working capital	<u>(12,068)</u>	<u>4,511</u>
Net Change in current assets	3,487	(1,167)
Net Change in current liabilities	4,669	(877)
Cash (used in)/generated from operations	<u>(3,912)</u>	<u>2,467</u>
Taxation	<u>(108)</u>	<u>(75)</u>
Net cash generated from operating activities	<u>(4,020)</u>	<u>2,392</u>
Investing Activities		
(Acquisition) / Disposal of property, plant & equipment	<u>11,102</u>	<u>(225)</u>
Net cash (used in)/generated from investing activities	<u>11,102</u>	<u>(225)</u>
Financing Activities		
Drawdown / (Repayment) of hire purchase creditors - Net	(1,207)	(1,683)
Drawdown / (Repayment) of term loan - Net	(600)	(1,107)
Drawdown / (Repayment) of other bank borrowings	<u>(6,270)</u>	<u>3,090</u>
Net cash used in financing activities	<u>(8,078)</u>	<u>300</u>
Net change in cash and cash equivalents	(996)	2,467
Cash and cash equivalents b/f	2,148	(121)
Cash and cash equivalents c/f	<u>1,152</u>	<u>2,346</u>

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

	31/12/2009 RM'000	31/12/2008 RM'000
Deposits, cash and bank balances	1,395	2,346
Bank overdrafts	(243)	(198)
	<u>1,152</u>	<u>2,148</u>



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

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

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
12 Months ended 31/12/2009			
Balance as at 31 Dec 2008	83,908	(51,286)	32,622
Movement during the period			
Profit for the year as per Income Statement	-	(10,423)	(10,423)
Net Movement During the year	-	(10,423)	(10,423)
Balance as at 31 Dec 2009	83,908	(61,709)	22,199

**12 Months ended
31/12/2008**

Balance as at 31 Dec 2007	83,908	(52,206)	31,702
Movement during the period			
Profit for the year as per Income Statement	-	920	920
Net Movement During the year	-	920	920
Balance as at 31 Dec 2008	83,908	(51,286)	32,622

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, latex, mattress and its related businesses.

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 close of the financial date, the Group has obtained shareholders approval at the Extraordinary General Meeting (EGM) on the proposed disposal of one piece of vacant industrial land to Eng Beng Manufacturing (M) Sdn Bhd, on the 8th of February 2010

Save for the aforesaid EGM, 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. Our legal representative had on 10 February 2010 advised that the Kuala Lumpur High Court had on 21 Dec 2009 allowed our application to strike out the claim and the respondents has not made any appeal within a period of 30 days.

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

13. Review of Financial Performance

The revenue and loss before tax of the Group for the current quarter amounted to RM13.6 million and RM1.37 million respectively. Turnover has decreased drastically due to the disruption caused by the fire incident in May 2009. The Group recorded revenue of RM22.6 mil and loss before tax of RM0.02 mil in the previous year corresponding quarter.

14. Variation of Results Against Preceding Quarter

The revenue has increased from RM12.4 mil to RM13.6 mil compared to previous quarter. The loss before tax for the current quarter is mainly due to one-off cost adjustment on insurance compensation in excess of original estimates as well as penalty interest on banking facilities pursuant to restructuring caused by the fire incident.

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 rebuild the factory in order to resume full operation soon. Barring any unforeseen circumstances, the Group is expected to turnaround in 2010 against current year's heavy loss.

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 FRS 112 were as follows: -

	Group RM'000
Tax effect of	
- Excess of capital allowances over accumulated Depreciation on property, plant and equipment	1,175
- Recognition of deferred tax assets on adjusted business loss and net balancing charge	(1,993)

	(818)
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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:

<u>Short Term Borrowings</u>	Group RM'000
Bankers' acceptances	21,790
Overdraft	243
Long term loans due within twelve months	1,185
Hire purchase creditors	1,169

	24,387
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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	5,884
Less : Portion due within twelve months	(1,185)

Portion due after twelve months	4,699
Hire purchase creditors payable after one year	0

Total	4,699
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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 24 Feb 2010.

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 shares of RM0.50 each of 167,815,704 in issue

	Current Year-To-Date Ended 31 Dec 2009 RM'000
Profit / (loss) After Taxation	(10,423)
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	(6.21)
Diluted	(6.21)

By Order of the Board

Eric Lee
Executive Director

24 Feb 2010