

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MAR 2010**

(The figures have not been audited)

	Individual Period 3 Months ended		Cumulative Period 3 Months ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
Revenue	12,122	18,997	12,122	18,997
Operating profit	191	755	191	755
Other income	25	32	25	32
Finance Cost	(160)	(482)	(160)	(482)
Profit / (loss) Before Tax	56	305	56	305
Income Tax	-	(23)	-	(23)
Profit / (loss) After Tax	56	282	56	282
Net Profit / (loss) for The Period	56	282	56	282
Net EPS / (loss) (sen)				
Basic	0.03	0.17	0.03	0.17
Diluted	0.03	0.17	0.03	0.17
Dividend Per Share	-	-	-	-

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAR 2010**

(The figures have not been audited)

	As at end of current quarter 31/03/2010 RM'000	Audited As at 31/12/2009 RM'000
PROPERTY, PLANT AND EQUIPMENT	23,489	24,623
Deferred Tax Assets	1,991	1,991
CURRENT ASSETS		
Inventories	4,745	4,873
Trade receivables	12,965	13,433
Other receivables, deposits and prepayments	2,357	16,508
Taxation	23	23
Deposits, cash and bank balances	5,912	1,636
	26,002	36,473
CURRENT LIABILITIES		
Trade payables	6,628	7,261
Other payables, deposits and accruals	3,517	3,987
Short term borrowings	6,422	13,801
Bank Overdraft	243	243
Taxation	-	-
Term loan	5,549	7,707
Hire purchase creditors	611	902
	22,970	33,901
NET CURRENT ASSETS	3,033	2,572
LONG TERM LIABILITIES		
Long term borrowings	5,672	6,165
Hire purchase creditors	31	267
Deferred taxation	1,158	1,158
	6,861	7,590
	21,652	21,595
Financed by:		
SHARE CAPITAL	83,908	83,908
Accumulated losses	(62,256)	(62,313)
TOTAL SHAREHOLDERS' EQUITY	21,652	21,595
Net Assets per Share of RM0.50 each (RM)	0.13	0.19

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31 MAR 2010

	3 Months ended 31/03/2010 RM'000	3 Months ended 31/03/2009 RM'000
Profit / (loss) before tax	56	305
Adjustments for:-		
Non-cash items - Depreciation	363	841
Operating profit before changes in working capital	<u>419</u>	<u>1,146</u>
Net Change in current assets	14,746	1,393
Net Change in current liabilities	(1,103)	(667)
Cash (used in)/generated from operations	<u>14,063</u>	<u>1,872</u>
Taxation	-	(38)
Net cash generated from operating activities	<u>14,063</u>	<u>1,834</u>
Investing Activities		
(Acquisition) / Disposal of property, plant & equipment	771	(568)
Net cash (used in)/generated from investing activities	<u>771</u>	<u>(568)</u>
Financing Activities		
Drawdown / (Repayment) of hire purchase creditors - Net	(527)	(415)
Drawdown / (Repayment) of term loan - Net	(2,651)	(345)
Drawdown / (Repayment) of other bank borrowings	(7,379)	303
Net cash used in financing activities	<u>(10,558)</u>	<u>(456)</u>
Net change in cash and cash equivalents	4,276	810
Cash and cash equivalents b/f	<u>1,393</u>	<u>2,148</u>
Cash and cash equivalents c/f	<u>5,669</u>	<u>2,958</u>

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

	31/03/2010 RM'000	31/03/2009 RM'000
Deposits, cash and bank balances	5,912	3,208
Bank overdrafts	(243)	(250)
	<u>5,669</u>	<u>2,958</u>



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 Mar 2010

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
3 Months ended 31/03/2010			
Balance as at 31 Dec 2009	83,908	(62,313)	21,595
Movement during the period			
Profit for the year as per Income Statement	-	56	56
Net Movement During the year	-	56	56
Balance as at 31 Mar 2010	83,908	(62,256)	21,652

**3 Months ended
31/03/2009**

Balance as at 31 Dec 2008	83,908	(51,286)	32,622
Movement during the period			
Profit for the year as per Income Statement	-	282	282
Net Movement During the year	-	282	282
Balance as at 31 Mar 2009	83,908	(51,003)	32,905

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Accounting and Accounting Policies.

The interim financial report is unaudited and has been prepared in accordance with FRS 134, 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 2009.

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 2009 except for the adoption of new standards effective from 01 January 2010 as follows

FRS 132 - Financial Instrument : Presentation
FRS 139 - Financial Instrument : Recognition and Measurement

2. Audit Report on Financial Statements.

The financial statements of Group for the financial year ended 31 December 2009 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.

7. Dividend

LSKG has not declared or paid any dividends in respect of the financial period under review.

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

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

The Group had on 14 May 2010 via OSK Investment Bank announced a proposal to reduce the existing issued and paid-up share capital comprising ordinary shares of RM0.50 to RM0.10, as well as amendment to the memorandum of association. The proposals would not have any impact on the net assets of the Group. The proposals are subject to approval of Shareholders of the Group at an EGM as well as the High Court of Malaya.

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 were no contingent liabilities and assets and no changes in material litigations as at the end of the reporting period.

13. Review of Financial Performance

The revenue and profit before tax of the Group for the current quarter amounted to RM12.122 million and RM0.056 million respectively. Turnover has decreased drastically due to the disruption caused by the fire incident in May 2009. The Group recorded revenue of RM18.997 mil and profit before tax of RM0.282 mil in the previous year corresponding quarter.

14. Variation of Results Against Preceding Quarter

The revenue has decreased from RM13.649 mil to RM12.122 mil compared to previous quarter. The Group has turned around from a loss before tax of RM1.372 million in the preceding quarter to a profit of RM0.056 million in the current quarter

15. Current Year Prospects

The Group is recovering from the massive loss caused by the fire incident in May 2009. The factory rebuilding plan has been submitted to the relevant authority for approval. The Group has taken active steps to rebuild the factory and target to complete in 1st quarter of 2011. Barring any unforeseen circumstances, the Group is expected to turnaround in 2010 against previous year's heavy loss.

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

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	(1,158)
- Recognition of deferred tax assets on adjusted business loss and net balancing charge	1,991

	833
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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	6,422
Overdraft	243
Long term loans due within twelve months	5,549
Hire purchase creditors	611

	12,825
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A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

The bankers acceptances and loans of LSKG bear interest at rates ranging from 2.8% to 7.55% per annum and are secured by: -

- (i) Fixed charge on land and building of a subsidiary company
- (ii) Fixed deposits

<u>Long Term Liabilities</u>	Group RM'000
Term Loans	11,221
Less : Portion due within twelve months	(5,549)

Portion due after twelve months	5,672
Hire purchase creditors payable after one year	31

Total	5,703
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22. Financial Instruments under FRS 139

As at the date of this report, the Group has entered into forward foreign currency contracts as part of the hedging instruments towards fluctuating currencies as follows

	Derivatives	Contract value (RM' 000)	Fair Value (RM' 000)	Unrealised Gain / (loss) (RM' 000)
I	Foreign Exchange Contracts			
	- Less than 1 year	4,605	4,810	205
	- 1 year to 3 years	-	-	-
	- More than 3 years	-	-	-
	Total	4,605	4,810	205

The above contracts are part of the Group's strategy to ensure stable conversion of export proceeds to Malaysia Ringgit so that to minimise the impact of currency exchange rate fluctuation to our margin. The above contracts were entered into without any upfront cash requirements. The gains or loss arising from the fair value adjustment is reflected in the interim report as necessary.

23. Material Litigation

The Group does not have any material litigation as at 24 May 2010.

24. Dividend

No dividend has been declared for the quarter under review.

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

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 Mar 2010 RM'000
Profit / (loss) After Taxation	56
Number of ordinary shares of RM0.50 each	167,816
Net EPS (sen)	
Basic	0.03
Diluted	0.03

By Order of the Board

Eric Lee
Executive Director

24 May 2010