

**LEE SWEE KIAT GROUP BERHAD** (Co No: 607583-T)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 Sep 2011****(The figures have not been audited)**

	Individual Period 3 Months ended		Cumulative Period 9 Months ended	
	30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
Revenue	14,419	14,548	41,666	39,850
Operating profit	501	247	1,621	875
Other income	-	67	34	1,410
Finance Cost	(315)	(161)	(645)	(745)
Profit / (loss) Before Tax	186	154	1,010	1,540
Income Tax	-	-	-	-
Profit / (loss) After Tax	186	154	1,010	1,540
Net Profit / (loss) for The Period	186	154	1,010	1,540
Net EPS / (loss) (sen)				
Basic	0.11	0.09	0.60	0.92
Diluted	0.11	0.09	0.60	0.92
Dividend Per Share	-	-	-	-



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 Sep 2011

(The figures have not been audited)

	As at end of current quarter 30/09/2011 RM'000	Audited As at 31/12/2010 RM'000
PROPERTY, PLANT AND EQUIPMENT	26,733	23,971
Deferred Tax Assets	2,260	2,260
CURRENT ASSETS		
Inventories	7,546	7,175
Trade receivables	6,995	10,120
Other receivables, deposits and prepayments	1,049	742
Taxation	62	2
Deposits, cash and bank balances	3,821	4,027
	19,472	22,066
CURRENT LIABILITIES		
Trade payables	4,207	6,304
Other payables, deposits and accruals	1,696	2,782
Short term borrowings	9,253	7,416
Taxation	-	2
Term loan	1,897	1,897
Hire purchase creditors	142	177
	17,196	18,578
NET CURRENT ASSETS	2,277	3,488
LONG TERM LIABILITIES		
Long term borrowings	5,449	5,051
Hire purchase creditors	254	110
Deferred taxation	1,262	1,262
	6,965	6,423
	24,305	23,295
Financed by:		
SHARE CAPITAL	16,782	16,782
Capital Reserves	5,410	5,410
Retained Earnings	2,114	1,104
TOTAL SHAREHOLDERS' EQUITY	24,305	23,295
Net Assets per Share of RM0.10 each (RM)	0.14	0.14

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 Sep 2011

	9 Months ended 30/09/2011 RM'000	9 Months ended 30/09/2010 RM'000
Profit / (loss) before tax	1,010	1,387
Adjustments for:-		
Non-cash items - Depreciation	1,285	711
Operating profit before changes in working capital	<u>2,295</u>	<u>2,097</u>
Net Change in current assets	2,447	15,050
Net Change in current liabilities	(3,183)	(3,089)
Cash (used in)/generated from operations	<u>1,559</u>	<u>14,058</u>
Taxation	(62)	(34)
Net cash generated from operating activities	<u>1,497</u>	<u>14,024</u>
Investing Activities		
(Acquisition) / Disposal of property, plant & equipment	(4,048)	1,153
Net cash (used in)/generated from investing activities	<u>(4,048)</u>	<u>1,153</u>
Financing Activities		
Drawdown / (Repayment) of hire purchase creditors - Net	109	(509)
Drawdown / (Repayment) of term loan - Net	398	(4,854)
Drawdown / (Repayment) of other bank borrowings	1,838	(7,136)
Net cash used in financing activities	<u>2,345</u>	<u>(12,499)</u>
Net change in cash and cash equivalents	(206)	2,678
Cash and cash equivalents b/f	4,027	1,393
Cash and cash equivalents c/f	<u>3,821</u>	<u>4,071</u>

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

	30/09/2011 RM'000	30/09/2010 RM'000
Deposits, cash and bank balances	3,821	4,071
Bank overdrafts	-	-
	<u>3,821</u>	<u>4,071</u>



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 Sep 2011**

	Share capital RM'000	Capital Reserves RM'000	Retained earnings RM'000	Total RM'000
9 Months ended 30/09/2011				
Balance as at 31 Dec 2010	16,782	5,410	1,104	23,295
Movement during the period				
Profit for the year as per Income Statement	-	-	1,010	1,010
Net Movement During the year	-	-	1,010	1,010
Balance as at 30 Sep 2011	16,782	5,410	2,114	24,305

**9 Months ended
30/09/2010**

Balance as at 31 Dec 2009	83,908		(62,313)	21,595
Movement during the period				
Profit for the year as per Income Statement			1,540	1,540
Net Movement During the year	-		1,540	1,540
Balance as at 30 Sep 2010	83,908		(60,772)	23,136

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 2010.

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 2010 except the following FRS's which are effective from 1 January 2011:

FRS 1	– Amendments to FRS 1
FRS 2	– Group Cash-settled Share-based payment
FRS 3	– Amendments to FRS 3
FRS 7	– Improving Disclosures about financial instruments & Amendments to FRS 7
FRS 101	– Amendments to FRS 101
FRS 121	– Amendments to FRS 121
FRS 128	– Amendments to FRS 128
FRS 131	– Amendments to FRS 131
FRS 132	– Amendments to FRS 132
FRS 134	– Amendments to FRS 134
FRS 139	– Amendments to FRS 139
IC Interpretation 4	– Determining Whether an Arrangement contains a lease
IC Interpretation 13	– Amendments to IC Interpretation 13
IC Interpretation 14	– Prepayments of a Minimum Funding Requirement
IC Interpretation 18	– Transfer of Assets from Customers

The above FRS's, however, do not have any significant effect on the Group's Quarterly Financial Statements.

2. Audit Report on Financial Statements.

The financial statements of Group for the financial year ended 31 December 2010 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.

NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

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.

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

There is no material events subsequent to the end of the period under review which have not been reflected in 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.

NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

12. Contingent Liabilities

There were no contingent liabilities and assets 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 RM14.419 million and RM0.186 million respectively. The Group recorded revenue of RM14.548 mil and profit before tax of RM0.154 mil in the previous year corresponding quarter.

14. Variation of Results Against Preceding Quarter

The revenue in Quarter 3 increased from RM13.745 mil to RM14.419 mil. Net profit decreased from RM0.641 mil to RM0.186 mil mainly due to recognition of insurance compensation of RM0.50 mil in previous quarter for increased cost of working caused by the fire incident in 2009.

15. Current Year Prospects

In view of the current uncertainties in the world economy, the Board expects challenging times ahead in the coming months.

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	(1,262)
- Recognition of deferred tax assets on adjusted business loss and net balancing charge	2,260
	----- 998 =====

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 on-going corporate proposals for the quarter 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	9,253
Long term loans due within twelve months	1,897
Hire purchase creditors	142

	11,292
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The bankers acceptances and loans of LSKG bear interest at rates ranging from 3.8% to 8.05% 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	7,346
Less : Portion due within twelve months	(1,897)

Portion due after twelve months	5,449
Hire purchase creditors payable after one year	254

Total	5,703
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NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

22. Financial Instruments under FRS 139

As at 30 Sep 2011, the unrealized gains or loss for the Group is as follows

	Derivatives / year end balances	Contract value (RM' 000)	Fair Value (RM' 000)	Unrealised Gain / (loss) (RM' 000)
1	Foreign Exchange Contracts			
	- Less than 1 year	2,760	2,647	(113)
	- 1 year to 3 years	-	-	-
	- More than 3 years	-	-	-
2	Trade related balances	918	950	32
	Total	3,678	3,597	81

Foreign Exchange contracts are part of the Group's strategy to ensure stable conversion of export proceeds to Malaysian Ringgit and 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. Breakdown of Realised and Unrealised profits or loss

The breakdown of the retained earnings / (accumulated loss) of the Group as at 30 Sep 2011 into realized and unrealized profit / (loss) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Total retained profits / (accumulated losses) Of the Group	<u>RM '000</u>
- Realised	21,698
- Unrealised gains / (loss)	<u>81</u>
	21,779
Less: Consolidated adjustments	<u>(19,665)</u>
Retained earnings / (accumulated losses)	<u>2,114</u> -----

NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

24. Material Litigation

The Group does not have any material litigation as at 22 Nov 2011.

25. 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 profit after taxation on the number of ordinary shares of RM0.10 each of 167,815,704 in issue.

	YTD ended 30 Sep 2011 RM'000
Profit / (loss) After Taxation	1,010
Number of ordinary shares of RM0.10 each	167,816
Net EPS (sen)	
Basic	0.60
Diluted	0.60

By Order of the Board
Eric Lee
Managing Director

22 Nov 2011