

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your ordinary shares in Leweko Resources Berhad (568420-K) ("Leweko" or "Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Bina Management (M) Sdn Bhd (50164-V), Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 17 August 2015. This Abridged Prospectus together with the NPA and RSF, are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are and may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Abridged Prospectus together with the NPA and RSF comply with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders (as defined herein) and/or their renounee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such country or jurisdiction. Such shareholders should note the additional terms and restrictions as set out in Section 3.9 of the Abridged Prospectus. Neither we, M&A Securities Sdn Bhd (15017-H) ("M&A Securities") nor our other experts shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction in which the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at an Extraordinary General Meeting held on 5 February 2015. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") vide its letter dated 12 December 2014 for the admission of the Warrants (as defined herein) to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares (as defined herein), Warrants and the new Leweko Shares (as defined herein) to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. The official listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Leweko Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.



(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 161,165,602 ORDINARY SHARES OF RM0.20 EACH IN LEWKO ("RIGHTS SHARE(S)") TOGETHER WITH UP TO 201,457,002 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) ORDINARY SHARES OF RM0.20 EACH IN LEWKO ("LEWKO SHARE(S)"), TOGETHER WITH FIVE (5) WARRANTS FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED AT 5.00 P.M. ON 17 AUGUST 2015 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE WITH WARRANTS")

Adviser



M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Monday, 17 August 2015 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Monday, 24 August 2015 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Thursday, 27 August 2015 at 4.00 p.m.
Last date and time for acceptance and payment	: Wednesday, 2 September 2015 at 5.00 p.m.*
Last date and time for excess application and payment	: Wednesday, 2 September 2015 at 5.00 p.m.*

* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 17 August 2015

ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:-

"Abridged Prospectus"	:	This Abridged Prospectus dated 17 August 2015
"Act"	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
"Amendments"	:	Amendments to the Memorandum and Articles of Association of Leweko
"Board"	:	Board of Directors of Leweko
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Accounts"	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor
"Code"	:	Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
"Deed Poll"	:	The deed poll executed by our Company on 28 July 2015 governing the Warrants
"Diversification"	:	Diversification of the business of our Group into property development
"EGM"	:	Extraordinary general meeting
"Entitled Shareholders"	:	Shareholders whose names appear on our Record of Depositors on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on 17 August 2015, being the time and date on which the Entitled Shareholders must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"Joint Venture"	:	Joint venture between Maju Weko Timber Industries Sdn Bhd, our wholly-owned subsidiary, with Kampung Kenayat Sdn Bhd to jointly develop thirty-eight (38) parcels of leasehold land, measuring in aggregate 96,785 square metres, all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak, into a mixed-use development
"Leweko" or "Company"	:	Leweko Resources Berhad (568420-K)
"Leweko Group" or "Group"	:	Leweko and its subsidiaries, collectively
"Leweko Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.20 each in Leweko
"LPD"	:	27 July 2015, being the latest practicable date prior to the issuance of this Abridged Prospectus
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"MMLR"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"Market Day"	:	A day on which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all Entitled Shareholders subscribe in full for their entitlements pursuant to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

"Minimum Scenario"	:	Assuming none of the Entitled Shareholders subscribe for their entitlements and only the Undertaking Shareholders subscribe for an aggregate of 60,682,782 Rights Shares together with 75,853,477 Warrants
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
"Par Value Reduction"	:	Reduction of our existing issued and paid-up share capital via the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 to RM0.20 each pursuant to Section 64 of the Act, resulting in a credit of RM72.52 million
"Proposals"	:	Diversification, Joint Venture, Par Value Reduction, Rights Issue with Warrants and Amendments, collectively
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository, as amended from time to time
"Rights Issue with Warrants"	:	Renounceable rights issue of up to 161,165,602 Rights Shares on the basis of two (2) Rights Shares for every three (3) existing Leweko Shares together with up to 201,457,002 Warrants on the basis of five (5) Warrants for every four (4) Rights Shares subscribed on the Entitlement Date
"Rights Share(s)"	:	Up to 161,165,602 new Leweko Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue with Warrants
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"Undertaking Shareholders"	:	Dato' Leong Wei Kong and his spouse, Datin Yip Fong Ngoh @ Yep Fong Ngoh; and Abd Aziz bin Jantan, collectively
"Undertakings"	:	Irrevocable written undertakings by the Undertaking Shareholders to subscribe for an aggregate of up to 60,682,782 Rights Shares together with up to 75,853,477 Warrants
"USD"	:	United States Dollar
"Warrant(s)"	:	Up to 201,457,002 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
"5D-VWAP"	:	Five (5)-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Age	Address	Nationality	Occupation
Dato' Haji Roshidi bin Haji Hashim <i>(Independent Non-Executive Chairman)</i>	59	Permula Damai No. 1 Jalan Desa Ampang 2 31350 Ipoh Perak	Malaysian	Company Director
Dato' Leong Wei Kong <i>(Managing Director)</i>	62	68 Lorong Tun Dr Ismail 30350 Ipoh Perak	Malaysian	Company Director
Abd Aziz bin Jantan <i>(Executive Director)</i>	65	20-B Jalan Manjoi Taman Pari 30100 Ipoh Perak	Malaysian	Company Director
Chiam Chiau Hiong <i>(Independent Non-Executive Director)</i>	59	No. 5 Lorong Tasek Timur 1 Taman Seri Dermawan 31400 Ipoh Perak	Malaysian	Company Director
Seou Lim Khoon <i>(Independent Non-Executive Director)</i>	63	89 Persiaran Zarib 3 Taman Pinji Mewah 31650 Ipoh Perak	Malaysian	Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Haji Roshidi bin Haji Hashim	Chairman	Independent Non-Executive Chairman
Seou Lim Khoon	Member	Independent Non-Executive Director
Chiam Chiau Hiong	Member	Independent Non-Executive Director

COMPANY SECRETARY

: Chan Chee Kheong (MAICSA 0810287)
116 Golden Dragon Garden
31900 Kampar
Perak
Tel: 05-548 0888

REGISTERED OFFICE

: 17-19 Lengkok Tasek Timur 1A
Pusat Perdagangan Tasek Indra
31400 Ipoh
Perak
Tel: 05-548 6663

CORPORATE DIRECTORY (CONT'D)

- HEAD/MANAGEMENT OFFICE** : 17-19 Lengkok Tasek Timur 1A
Pusat Perdagangan Tasek Indra
31400 Ipoh
Perak
E-mail: leweko@gmail.com
Website: <http://www.leweko.com>
- PRINCIPAL BANKER** : Malayan Banking Berhad (3813-K)
Ipoh Business Centre
194-206 Jalan Sultan Idris Shah
30000 Ipoh
Perak
Tel: 05-241 3726
- AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte (AF 0080)
Chartered Accountants
Level 2, Weil Hotel
292 Jalan Sultan Idris Shah
30000 Ipoh
Perak
Tel: 05-254 0288
- SHARE REGISTRAR** : Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor
Tel: 03-7784 3922
- SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS** : Peter Ling & Van Geyzel
B-19-4, Tower B
Northpoint Office Suites
Mid Valley City
No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: 03-2282 3080
- ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS** : M&A Securities Sdn Bhd (15017-H)
45 & 47-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2284 2911
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

17-19 Lengkok Tasek Timur 1A
Pusat Perdagangan Tasek Indra
31400 Ipoh
Perak

17 August 2015

Directors:

Dato' Haji Roshidi bin Haji Hashim (*Independent Non-Executive Chairman*)
Dato' Leong Wei Kong (*Managing Director*)
Abd Aziz bin Jantan (*Executive Director*)
Chiam Chiau Hiong (*Independent Non-Executive Director*)
Seou Lim Khoon (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 161,165,602 RIGHTS SHARES TOGETHER WITH UP TO 201,457,002 WARRANTS ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) EXISTING LEWEXO SHARES TOGETHER WITH FIVE (5) WARRANTS FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED AT 5.00 P.M. ON 17 AUGUST 2015 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

1. INTRODUCTION

On 29 October 2014, M&A Securities, on behalf of our Board, announced that Leweko proposes to undertake amongst others, the Rights Issue with Warrants after the completion of the Par Value Reduction.

Bursa Securities had vide its letter dated 12 December 2014, approved in-principle the following:-

- (i) admission to the Official List and the listing of and quotation for up to 201,457,002 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (ii) listing of up to 161,165,602 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and
- (iii) listing of up to 201,457,002 new Leweko Shares to be issued pursuant to the exercise of the Warrants.

Bursa Securities' approval-in-principle is subject to the following conditions:-

Conditions	Status of Compliance
(a) Leweko and M&A Securities must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Rights Issue with Warrants;	To be complied
(b) Leweko and M&A Securities are to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(c) Leweko is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(d) Payment of additional listing fees pertaining to the exercise of Warrants. In this respect, Leweko is required to furnish Bursa Securities, on a quarterly basis, a summary of the total number of Shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

Subsequently, our shareholders had at an EGM held on 5 February 2015, approved the Proposals. A certified extract of the resolutions pertaining to the Proposals passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 19 June 2015, M&A Securities, on behalf of our Board, announced that the sealed order of the High Court of Malaya confirming the reduction in our par value from RM0.50 to RM0.20 has been lodged with the Companies Commission of Malaysia, upon which, the said reduction in par value had been effected on the same date.

On 27 July 2015, M&A Securities, on behalf of our Board, announced that the issue price for the Rights Shares and the exercise price for the Warrants had been fixed at RM0.20 per Rights Share/Warrant.

On 3 August 2015, M&A Securities, on behalf of our Board, announced that the Entitlement Date had been fixed at 5.00 p.m. on 17 August 2015.

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited with the Rights Shares with Warrants allotted to them and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Introduction

The Rights Issue with Warrants entails a renounceable rights issue of up to 161,165,602 Rights Shares together with up to 201,457,002 Warrants, on the basis of two (2) Rights Shares for every three (3) Leweko Shares together with five (5) Warrants for every four (4) Rights Shares subscribed at an issue price of RM0.20 per Rights Share. The Rights Shares together with the Warrants will be offered to the Entitled Shareholders.

The Rights Issue with Warrants will involve the issuance of new Leweko Shares without diluting the existing shareholders' equity interest, assuming all shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded.

The Warrants will be issued free and shall only be issued to the Entitled Shareholders based on their respective entitlements to the Rights Issue with Warrants and on the acceptance of their rights entitlements. As such, the renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. If the Entitled Shareholder decides to accept only part of his Rights Share entitlements, he shall be entitled to the Warrants in proportion to his acceptance of his Rights Shares entitlements.

Any Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). It is the intention of our Board to allocate the excess Rights Shares with Warrants in a fair and equitable manner and on such basis as it may deem fit or expedient or in the best interests of our Company.

Fractional entitlements under the Rights Issue with Warrants, if any, will be disregarded and dealt with in such manner as our Board, in its discretion, deems fit and expedient and in the best interest of our Company.

Any dealing in the Rights Shares and Warrants, which are prescribed securities under the CDS, will be subject to inter-alia, the provisions of the SICDA, the Securities Industry (Central Depositories)(Amendment) Act, 1998 and the Rules of Bursa Depository. Accordingly, upon allotment and issuance, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares with Warrants. No physical certificates will be issued but notices of allotment will be despatched to the successful applicants.

As an Entitled Shareholder and the Rights Shares with Warrants are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, a NPA notifying you the number of Rights Shares for which you are entitled to subscribe for and an RSF which is to be used for the acceptance of the provisionally allotted Rights Shares with Warrants and for the excess application for Rights Shares with Warrants, should you wish to do so.

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants

Our Board had on 27 July 2015 fixed the issue price of the Rights Shares at RM0.20 per Rights Share and the exercise price of the Warrants at RM0.20 per Warrant, after taking into consideration, the prevailing market conditions, the 5D-VWAP and the par value of our Shares.

The issue price/exercise price of RM0.20 for each Rights Share/Warrant represents:

- (a) a premium of approximately 13.12% to the 5D-VWAP of our Shares up to and inclusive of 24 July 2015, being the Market Day immediately prior to the date of the announcement of the price fixing of the issue price of the Rights Shares and exercise price of the Warrants on 27 July 2015 of RM0.1768; and
- (b) a premium of approximately 7.47% to the theoretical ex-rights price of Leweko Shares of approximately RM0.1861 based on the 5D-VWAP up to and inclusive of 24 July 2015 of RM0.1768.

2.3 Ranking of the Rights Shares and the new Leweko Shares to be issued arising from the exercise of the Warrants

The Rights Shares and new Leweko Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, rank *pari passu* in all respects with our then existing Leweko Shares, save and except that such new Shares will not entitle its holders any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our Company prior to the relevant date of allotment of such new Shares.

2.4 Salient Terms of the Warrants

Please refer to Appendix II of this Abridged Prospectus for the salient terms of the Warrants.

2.5 Minimum level of subscription

The Rights Issue with Warrants will be implemented on the basis of a minimum level of subscription. In determining the minimum amount to be raised from the Rights Issue with Warrants, our Board has taken into consideration factors, which include the funding requirements of our Group and the ability of our Group to raise financing via the subscription of the Rights Shares with Warrants. After considering the funding requirements and the ability to obtain the subscription of the Rights Shares with Warrants, our Board intends to raise approximately RM12.1 million. Under the minimum level of subscription, up to 60,682,782 Rights Shares will be issued together with up to 75,853,477 Warrants.

2.6 Undertakings by shareholders

To meet the minimum level of subscription, our Company had obtained the Undertakings from:

- (a) Dato' Leong Wei Kong, our Managing Director and substantial shareholder, to subscribe for an aggregate of up to 26,651,000 Rights Shares pursuant to his and his wife's (Datin Yip Fong Ngoh @ Yep Fong Ngoh) entitlements under the Rights Issue with Warrants; and
- (b) Abd Aziz bin Jantan, our Executive Director and substantial shareholder, to subscribe for up to 34,031,782 Rights Shares pursuant to his entitlement under the Rights Issue with Warrants.

	Shareholdings as at the LPD		Undertakings to subscribe for his/her Rights entitlement		
	No. of Shares ('000)	%	No. of Shares ('000)	No. of Warrants ('000)	%*
Dato' Leong Wei Kong	71,700	29.7	26,000	32,500	16.1
Datin Yip Fong Ngoh @ Yep Fong Ngoh	977	0.4	651	814	0.4
Abd Aziz bin Jantan	51,048	21.1	34,032	42,540	21.1
	123,725		60,683	75,854	

Note:

* Computed based on 161,165,602 Rights Shares to be issued pursuant to the Rights Issue with Warrants.

Pursuant to the Undertakings, the Undertaking Shareholders have confirmed that they have sufficient financial resources to subscribe for their respective undertakings and such confirmations have been verified by M&A Securities.

Notwithstanding the above, in the event where the minimum level of subscription is not achieved, the implementation of the Rights Issue with Warrants will be terminated and all considerations received for the Rights Shares with Warrants will be terminated and immediately refunded to all subscribers of the Rights Shares with Warrants.

Pursuant to the Undertakings and under the Minimum Scenario, the shareholdings of Dato' Leong Wei Kong, Datin Yip Fong Ngoh and Abd Aziz bin Jantan upon the completion of the Rights Issue with Warrants shall increase to 32.30%, 0.54% and 28.13%, respectively. Leweko confirms that the Undertakings will not give rise to any consequences of mandatory offer obligation pursuant to the Code after the Rights Issue with Warrants.

However, should Dato' Leong Wei Kong and/or Datin Yip Fong Ngoh exercise their Warrants, such that their individual and/or collective shareholdings in Leweko increases to more than 33%, or should Abd Aziz bin Jantan exercises his Warrants, such that his individual shareholdings in Leweko increases to more than 33%, Dato' Leong Wei Kong or Abd Aziz bin Jantan individually will be obliged, under Part III of the Code, to undertake a mandatory offer for all the remaining Leweko Shares not already held by him after the exercise of the Warrants. In such an event, Dato' Leong Wei Kong or Abd Aziz bin Jantan may seek the relevant exemptions from undertaking the mandatory offer under the Code.

In view of the Undertakings, underwriting arrangements will not be required for the Rights Issue with Warrants.

2.7 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants and the Joint Venture, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to accept/subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

The provisionally allotted Rights Shares with Warrants are renounceable in full or in part and as such, you may fully or partially renounce your rights entitlements to the Rights Shares with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED, SHOULD YOU WISH TO SELL OR TRANSFER ALL OR PART OF YOUR PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED WITH THIS ABRIDGED PROSPECTUS.

The provisionally allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Rights Shares and Warrants will be by book entries through CDS Accounts and will be governed by the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the aforementioned applications.

3.2 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is 5.00 p.m. on 2 September 2015, or such other later date and time as may be determined and announced by our Board at its discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.3 Procedure for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder and/or your renounee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the discretion of our Board.

If you or your renounee(s)/transferee(s) (if applicable) wish to accept all or part of the provisionally allotted Rights Shares, you or your renounee(s)/transferee(s) (if applicable) are required to complete Part I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** (at your own risk) to our Share Registrar at the following address:

Bina Management (M) Sdn Bhd

Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor

and should reach our Share Registrar not later than 5.00 p.m. on 2 September 2015, being the last date and time for acceptance and payment for the Rights Shares with Warrants, or such later date and time as our Board may determine and announce, not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the Abridged Prospectus and/or RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies of the Abridged Prospectus and/or RSF from our Share Registrar, our Registered Office or from Bursa Securities' website (<http://www.bursamalaysia.com>).

You must use one (1) RSF for the subscription of the provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the provisionally allotted Rights Shares with Warrants standing to the credit of different CDS Accounts. The provisionally allotted Rights Shares with Warrants that you have subscribed for, will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each, respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of two (2) Rights Shares for every three (3) existing Leweko Shares together with five (5) Warrants for every four (4) Rights Shares successfully subscribed. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, the Warrants will be issued in the proportion of five (5) Warrants for every four (4) Rights Shares subscribed. Any fractional Rights Shares with Warrants entitlement arising from the Rights Issue with Warrants (if any) shall be disregarded and will be dealt with in a fair and equitable manner as our Board in its discretion deems fit and in the best interest of our Company.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and should be made payable to "**LEWEKO RIGHTS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name in block letters, contact number and CDS Account number. The payment must be made in the exact amount. Any subscription of the provisionally allotted Rights Shares with Warrants accompanied by excess or insufficient payment or payment in the manner other than stated in this Abridged Prospectus may be rejected at the discretion of our Board. Cheques or any other modes of payment other than in the manner stated above may not be accepted. Details of remittance must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SHARE REGISTRAR FOR THE RECEIPT OF THE ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN EIGHT (8)

MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY US OR OUR SHARE REGISTRAR.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

SUBSCRIPTION OF THE PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART THE SUBSCRIPTION OF THE PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS WITHOUT ASSIGNING ANY REASON THEREOF.

WHERE THE SUBSCRIPTION OF THE PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR ACCEPTED IN PART, THE FULL AMOUNT OR THE BALANCE OF THE SUBSCRIPTION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST VIA CHEQUE AND SHALL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SHARE REGISTRAR FOR THE RECEIPT OF THE ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN FIFTEEN (15) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

If the acceptance and payment for the provisionally allotted Rights Shares with Warrants are not received by our Share Registrar by 5.00 p.m. on 2 September 2015, being the last date and time for acceptance and payment or on such later date and time as may be determined and announced by our Board, yours and/or your renounee(s)/transferee(s)' (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such provisionally allotted Rights Shares with Warrants not taken up will be allotted to applicants for the excess Rights Shares with Warrants in the manner as set out in Section 3.6 of this Abridged Prospectus.

3.4 Procedure for part acceptance

You can accept part of your entitlements for the Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. However, the Warrants will be issued in the proportion of five (5) Warrants for every four (4) Rights Shares subscribed. Fractions of a Warrant arising from the Rights Issue with Warrants (if any) shall be disregarded and will be dealt with in a fair and equitable manner as our Board in its discretion deems fit and in the best interest of our Company.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.3 of this Abridged Prospectus.

3.5 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants

The provisionally allotted Rights Shares with Warrants are renounceable. If you wish to sell or transfer all or part of your provisionally allotted Rights Shares with Warrants to one (1) or more person(s), you may do so through your stockbrokers without first having to request for a split of the provisionally allotted Rights Shares with Warrants standing to the credit of your CDS

Account(s). To sell or transfer all or part of your entitlement to the provisionally allotted Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such provisional allotments to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you do not need to deliver the RSF or any document, to any stockbroker. You are however advised to read and adhere to the RSF and the notes and instructions contained in the RSF as well as ensure that there is sufficient provisional allotment of Rights Shares with Warrants standing to the credit of your CDS Account(s) before selling or transferring.

Renouncee(s)/transferee(s) (if applicable) of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from our Share Registrar, our Registered Office or from Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of the provisionally allotted Rights Shares with Warrants, you may still accept the balance of the provisionally allotted Rights Shares with Warrants by following the procedures described in Section 3.4 of this Abridged Prospectus.

3.6 Procedure for excess application

If you are an Entitled Shareholder, you and/or your renouncee(s)/transferee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to your provisionally allotted Rights Shares with Warrants.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have applied for the excess Rights Shares with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots, based on the quantum of their respective excess Rights Shares with Warrants applied for; and
- (iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots, based on the quantum of their respective excess Rights Shares with Warrants applied for.

If you wish to apply for excess Rights Shares with Warrants in excess of your entitlement, you should complete Part I(b) — application for excess Rights Shares with Warrants of the RSF (in addition to Part I(a) and Part II) and forward it together with a separate remittance for the full amount payable in respect of the excess Rights Shares with Warrants applied for, to our Share Registrar, not later than 5.00 p.m. on 2 September 2015, being the last date and time for acceptance and payment or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the excess Rights Shares with Warrants should be made in the same manner as described in Section 3.3 of this Abridged Prospectus, with remittance in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and crossed "**ACCOUNT PAYEE ONLY**" and made payable to "**LEWEKO EXCESS ACCOUNT**" for the excess Rights Shares with Warrants and endorsed on the reverse side(s) with your name in block letters, contact number and CDS Account number.

Our Board reserves the right to allot the excess Rights Shares with Warrants, if any, applied for under Part I(b) of the RSF, subject always to such allocation being made on a basis which is fair and equitable, as it deems fit and expedient and in the best interest of our Company, and that the intention of our Board is achieved. Our Board reserves the right not to accept or to accept in part the subscription of any excess Rights Shares with Warrants without assigning any reason thereto.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SHARE REGISTRAR FOR THE RECEIPT OF THE ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN EIGHT (8) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES AND WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE SUBSCRIPTION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST VIA CHEQUE AND SHALL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SHARE REGISTRAR FOR THE RECEIPT OF THE ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN FIFTEEN (15) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

3.7 Procedure for acceptance by renounee(s)/transferee(s)

A renounee/transferee (if applicable) who wishes to accept the provisionally allotted Rights Shares with Warrants or apply for excess Rights Shares with Warrants, may obtain a copy of the RSF from our Share Registrar, our Registered Office or from Bursa Securities' website (<http://www.bursamalaysia.com>).

The procedures and payment for acceptance of the provisionally allotted Rights Shares with Warrants and excess application for Rights Shares with Warrants by the renounee(s)/transferee(s) (if applicable) are the same as those applicable to the Entitled Shareholders as set out in Sections 3.3 and 3.6 of this Abridged Prospectus.

RENOUNEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

3.8 Form of issuance

Bursa Securities has prescribed our securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly all dealings in respect to the Rights Shares and Warrants are subject to the SICDA, Securities Industry (Central Depositories)(Amendment) Act, 1998 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Shares with Warrants. Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued. The Rights Shares and Warrants will be credited directly into your CDS Account(s) and the notices of allotment will be despatched to you at your own risk, by ordinary post to your registered address in Malaysia as stated in the Record of Depositors of Bursa Depository or to the address in Malaysia which was provided by you to our Share Registrar for the receipt of the Abridged Prospectus, NPA and RSF, within eight (8) Market Days after the last date for acceptance and payment for the Rights Shares with Warrants, or such other period as may be prescribed by Bursa Securities.

3.9 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been and will not be registered under or made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authority or other relevant body) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, other experts, our Company and our Directors and officers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) are or may be subjected to. Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, other experts, our Company and our Directors and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) will be responsible for the payment of any issue, transfer or any other taxes, duties, or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes, duties or other requisite payments as such person(s) may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By accepting the provisionally allotted Rights Shares with Warrants and signing the RSF, the foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, other experts, our Company and our Directors and officers that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounee(s)/transferee(s) (if applicable) are or may be subjected to;
- (ii) they have complied with the laws to which they are or may be subjected to in connection with the acceptance or renunciation of the Rights Issue with Warrants;
- (iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as it deems necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

A major portion of the proceeds to be raised (RM10.00 million under the Minimum Scenario and RM15.00 million under the Maximum Scenario) from the Rights Issue with Warrants will be utilised for funding of the Security Deposit (as defined below) under the Joint Venture. The Joint Venture is part of our Group's strategy to expand our earnings base and business activities into another industry with resilient prospects. Our Group's venture into property development is to enhance our prospects.

Our Group is currently developing our first property development project, Phase 1 of a mixed development of 134 units of shop offices and a hypermarket in Pusat Bandar Ampang, Ipoh, comprising eight (8) units of three-storey shop offices and 26 units of double-storey shop offices, which is approximately one (1) kilometre away from the Joint Venture development.

The Joint Venture development entails amongst others, the development of an educational institution, which is complementary to our current development in Pusat Bandar Ampang, Ipoh and which is expected to spill over to cater to the anticipated demand for accommodation and residential properties nearby. With the Joint Venture development's prime location nearby Tambun Town and Ipoh City Centre, good connectivity to key roads, commercial centres, banks, hotels, amenities and historical sites as well as located next to the North-South Expressway, our Board believes that the Joint Venture is an opportunity to participate in the development of a prime land.

Our Directors are of the opinion that diversifying into property development would offer good growth prospects for our Group in the long term given the industry's resilience, which is expected to contribute positively to our Group's future earnings. Our Group also believes that we can capitalise on the competencies and experiences of our Managing Director and substantial shareholder, Dato' Leong Wei Kong and our property development team. Dato' Leong Wei Kong has been involved in property development through his private companies for over 25 years. Moreover, our Group's diversification into property development mitigates the dependency on our existing core business in trading of logs and manufacturing and sale of sawn and moulded timber; and manufacturing, construction and installation of precast concrete products. The additional revenue contribution from property development activities will provide an additional source of earnings which is expected to enhance our profitability and returns on shareholders' funds.

Pursuant to the terms of the Joint Venture (further details of the Joint Venture are set out in Section 4.1 below), the agreed returns due by Maju Weko Timber Industries Sdn Bhd, our wholly-owned subsidiary, as the Developer to the proprietor, Kampung Kenayat Sdn Bhd, shall be 15% of the gross development value in respect of the Joint Venture, payable in the following manner:

- (a) RM15.0 million in cash in the form of security deposit (of which, an initial payment of RM1.5 million has been paid upon the execution of the Joint Venture Agreement (as defined in Section 4.1(a) below) and the balance of RM13.5 million shall be paid within 90 days of receipt of the planning approval)* (collectively, the RM15.0 million is the "Security Deposit"); and

* *Planning approval was obtained on 29 April 2015. On 26 June 2015, Maju Weko Timber Industries Sdn Bhd obtained an extension of time of three (3) months from 29 July 2015 to 28 October 2015 for the payment of the balance of the Security Deposit.*

- (b) the rest will be paid in cash and/or in kind at the absolute discretion of the Developer, i.e., where the Developer shall give the proprietor, units/properties of the proprietor's choice

As such, the Rights Issue with Warrants is the most appropriate avenue of fund raising as it will enable our Company to expand our property development business without incurring interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments. The Joint Venture is expected to contribute positively to our Group's future earnings.

The Rights Issue with Warrants also achieves the following:

- (a) it will enable our Company to raise capital for further growth without incurring additional interest expenses as compared to bank borrowings;
- (b) it will provide our shareholders with an opportunity to further increase their equity participation and in the future prospects and growth in our Company. The Undertakings also allow our substantial shareholders to extend their support for the Rights Issue with Warrants which will facilitate our Group to raise the necessary funds as mentioned in Section 5 below;
- (c) the Rights Issue with Warrants will strengthen our Company's financial position with enhanced shareholders' funds, which are expected to facilitate the continuous business expansion plans of our Group;
- (d) the Rights Issue with Warrants will involve the issuance of new Leweko Shares without diluting our existing shareholders' equity interest, assuming all Entitled Shareholders subscribe in full for their entitlements;
- (e) the utilisation of part of the proceeds from the Rights Issue with Warrants towards the paring down of our Group's outstanding banking facilities under the Maximum Scenario would also allow our Group to reduce our funding costs moving forward as well as allow our Group to preserve cash for reinvestment and/or operational purposes;
- (f) under the maximum subscription scenario, the Proposed Rights Issue with Warrants will enable our Group to raise funds to repay a substantial amount of our outstanding bank borrowings and to reduce our gearing position. The repayment of the bank borrowings will result in interest savings to our Group. We would also have the flexibility to further expand our operations by raising financing, and/or acquisition of companies or businesses as and when attractive opportunities arise;
- (g) the Warrants attached to the Rights Shares are intended to provide an incentive/enhance the attractiveness to our Entitled Shareholders to subscribe for their Rights entitlements and hence, providing them with the potential capital appreciation arising from the exercise of the Warrants;
- (h) the Warrants provides our Entitled Shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company; and
- (e) the Warrants will enable our Company to raise further proceeds from the equity market for working capital and/or finance costs of our Group as and when the Warrants are exercised.

4.1 Details of the Joint Venture

(a) Background of the Joint Venture

On 29 October 2014, Maju Weko Timber Industries Sdn Bhd, our wholly-owned subsidiary, as Developer, had entered into a Joint Venture Agreement ("JVA") with Kampung Kenayat Sdn Bhd to jointly develop thirty-eight (38) parcels of leasehold land, measuring in aggregate 96,785 square metres, all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak, into a mixed-use development. The said development is located along Jalan Ampang Baru and next to the North-South Expressway, within the locality of Ampang, Ipoh, Perak, eight (8) kilometres east of Ipoh City Centre. Tambun Town is located approximately five (5) kilometres north of the land.

Title details	HS(D) 210023-210045, Lot No. PT 251115-251137; HS(D) 210050, Lot No. PT 251142; HS(D) 85426-85437, Lot No. PT 160969-160980, Mukim of Hulu Kinta, District of Kinta, State of Perak	HS(D) 210046, Lot No. PT 251138, Mukim of Hulu Kinta, District of Kinta, State of Perak	HS(D) 210049, Lot No. PT 251141, Mukim of Hulu Kinta, District of Kinta, State of Perak
Category of land use	Building	Building	Building
Expressed conditions	Commercial	Media Institution	Residential
Existing use	-----Vacant land-----		
Tenure	HS(D) 210023-210045, Lot No. PT 251115-251137; HS(D) 210050, Lot No. PT 251142: 99 years expiring on 7 February 2112 having an unexpired term of approximately 97 years. HS(D) 85426-85437, Lot No. PT 160969-160980: 99 years expiring on 2 July 2099 having an unexpired term of approximately 85 years	----- 99 years expiring on 7 February 2112 having an unexpired term of approximately 97 years	----
Proposed use	Commercial development	Institutional development	Residential development
Encumbrances	-----The land is currently unencumbered-----		
Restriction-in-interest	Property may be transferred or leased upon the written permission by the state authorities		

(b) Background of Kampung Kenayat Sdn Bhd

Kampung Kenayat Sdn Bhd was incorporated as a private limited company on 21 August 1990, with an authorised share capital of RM15.0 million comprising ten (10) million ordinary shares of RM1.00 each and five (5) million redeemable preference shares of RM1.00 each. As at the LPD, the issued and paid-up share capital of Kampung Kenayat Sdn Bhd is RM6.0 million comprising one (1) million ordinary shares of RM1.00 each and five (5) million redeemable preference shares of RM1.00 each. Kampung Kenayat Sdn Bhd is principally involved in property development.

(c) Salient terms of the JVA

(A) Agreement for Joint Venture

The parties have agreed to jointly develop thirty-eight (38) parcels of leasehold land, measuring in aggregate 96,785 square metres, all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak ("Project"), by Maju Weko Timber Industries Sdn Bhd, as the Developer, at the Developer's own cost* and expense, in accordance with the JVA and the agreed development plan on the basis that:

* *Estimated gross development cost is RM227.5 million.*

- (i) the gross development value for the Project shall not be less than RM350.0 million;

- (ii) the Project shall be based on the agreed development plan. Any and all variation to the agreed development plan shall be strictly subject to the prior approval and/or consent of the proprietor;
- (iii) the agreed returns due and payable by the Developer to the proprietor in respect of the Project shall be where the plot ratio of the land in respect of the Project finally approved by the relevant land authority shall result in the gross development value for the Project being equivalent or more than RM350.0 million, the returns payable to the proprietor shall be the amount equivalent to 15% of the gross development value, payable in the following manner:
 - (1) RM15.0 million in cash in the form of Security Deposit (of which, an initial payment of RM1.5* million has been paid upon the execution of the JVA and the balance of RM13.5 million shall be paid within 90 days of receipt of the planning approval)^; and
 - * The initial payment shall be forfeited in favour of the proprietor in the event the Developer fails to perform any of its key obligations under the JVA and/or commits a Developer's event of default under the JVA.
 - ^ The Security Deposit shall be deducted from the agreed returns payable by the Developer to the proprietor for each of the respective Phase 1 to Phase 5 and shall be proportioned based on 15% of the gross development value of the respective phases against the 15% of the accumulated gross development value of the Project. Maju Weko Timber Industries Sdn Bhd had obtained an extension of time of three (3) months up to 28 October 2015 for the payment of the balance of the Security Deposit.
 - (2) the rest will be paid in cash and/or in kind at the absolute discretion of the Developer, i.e., where the Developer shall give the proprietor, units/properties of the proprietor's choice, which shall have the aggregate value of 15% of the respective gross development value of Phase 1 to Phase 5, less the proportionated Security Deposit referred to above;
- (iv) in the event the plot ratio of the land in respect of the Project finally approved by the relevant land authority shall result in a gross development value for the Project to be less than RM350.0 million, neither party shall be entitled to terminate the JVA. The proprietor and the Developer agree to discuss in good faith and reasonably revise the gross development value for the Project, based on the surrounding circumstances and the plot ratio of the land in respect of the Project as finally approved by the authority. In the event the parties are unable to agree on any revised gross development value for the Project within three (3) months from the date of the final approval of the plot ratio of the land in respect of the Project by the relevant authority, the proprietor shall be entitled to terminate the JVA by written notice to the Developer, upon which the initial payment of RM1.5 million will be returned to Maju Weko Timber Industries Sdn Bhd, free of interest. In the event the proprietor does not terminate the JVA in such manner within three (3) months, the JVA and all the parties' rights and obligations shall continue to be valid and enforceable;

- (v) the final acreage of the land in respect of the Project shall be strictly subject to the acreage of the land as stipulated in the qualified issue document of title in respect of Phase 1 to Phase 5; and
- (vi) there shall be no adjustments to the returns, initial payment and/or any other consideration paid under the JVA in the event the total area of the land in respect of the Project is less than the total acreage stipulated in the JVA, including but not limited to any reduction occasioned by any compulsory acquisition under the Land Acquisition Act, 1960. The parties acknowledge and agree that the Developer shall not be entitled to terminate and/or rescind the JVA on account of any compulsory acquisition of any part of the land in respect of the Project under the Land Acquisition Act, 1960 and the JVA shall, remain valid and binding on the parties in respect of the remaining area of the land in respect of the Project.

(B) Conditions precedent

The JVA is conditional upon the fulfillment of the following conditions precedent:

- (i) the Developer shall procure the stamping of the JVA not later than thirty (30) days after the execution of the JVA. The stamping of the JVA was procured on 11 November 2014;
- (ii) the Developer shall upon the execution of the JVA pay the proprietor an initial payment of RM1.5 million. The initial payment of RM1.5 million was made on 28 October 2014; and
- (iii) Leweko, the holding company of the Developer, shall obtain the approval of its shareholders for the participation in the Joint Venture, not later than six (6) months after the execution of the JVA. The approval of our shareholders for the participation in the Joint Venture was obtained on 5 February 2015.

(C) Completion

- (i) The Project shall commence on the date of the execution of the written approval-in-principle from the relevant land authority for the development order of the Land and shall be completed no later than eight (8) years thereafter ("Target Completion Date");
- (ii) In the event the Developer fails to complete the Project on or before the Target Completion Date, the Developer shall be liable for and shall pay to the Proprietor, as liquidated damages, a sum in Ringgit Malaysia equivalent to 0.01% of the proposed selling price for the basic form of each unit as approved by the relevant authorities ("Approved Selling Price") of all units attributable to the relevant phase of the Project which has not been completed for each day of delay from the day following the Target Completion Date until the date of issuance of the Certificate of Completion and Compliance in respect of that part of the Project. The liquidated damages shall be capped at 50% of the aggregate Approved Selling Price of all units for the Project, save where the delay is not due to or contributed by any act, omission and/or default of or by the Developer. The payment of such liquidated damages shall not relieve the Developer from its obligation to complete the Project or from any other obligations and liabilities of the Developer under the JVA; and

- (iii) The parties agree that such liquidated damages shall not be construed as or constitute a penalty and the proprietor shall be entitled to the payment of the liquidated damages in addition and without prejudice to all other rights, remedies and damages available to the proprietor under the JVA and at law. The Developer further agrees that its obligation in relation to the payment of the liquidated damages is not subject to the proprietor having first taken all whatsoever proceedings or obtaining judgment in any court to enforce payment of the liquidated damages, and the proprietor shall be at liberty to require payment by the Developer of the liquidated damages without having to first resort to other means of payment and/or remedy and without having to first claim against the Developer's agents or servants, the professional team for the Project and/or any other company or subsidiary of the Developer to whom any of the rights under the JVA is assigned to.

(D) Developer's Event of Default

The Developer is in default if:

- (i) the Developer and/or any of the Developer's agent, the professional team for the Project fails to complete any section of the Project in accordance with the work programme and/or the agreed development plan under the terms of the JVA;
- (ii) the Developer and/or any of the professional team for the Project, contractors or assignee breaches any of the provisions, or fails to perform any of the terms, conditions and/or obligations stipulated in the JVA, which has a material adverse effect on the proprietor or the Project and, where such breach is remediable, failure to take the relevant steps necessary to remedy the same upon notice of not less than thirty (30) days being given by the proprietor;
- (iii) if a petition is presented (unless otherwise disputed in good faith), an order is made, an effective resolution passed or legislation enacted for the winding up (other than a voluntary winding up for the purpose of reconstruction or amalgamation not in circumstances of insolvency) of the Developer and/or the assignee, or if a receiver and/or manager is appointed for the Developer's and/or the assignee's undertaking or part thereof;
- (iv) the Developer and/or the assignee is unable to pay its debts within the meaning of Section 218(2) of the Act or stops payment of its debts generally or commences negotiations with its creditors with a view to a general readjustment or rescheduling of its debts or compounds or enters into any arrangement with or makes any assignment for the benefit of its creditors or attempts to do any of the foregoing (except as part of or pursuant to a scheme of reconstruction or amalgamation not in circumstances of insolvency);
- (v) an execution or distress or other process of a court of competent jurisdiction be levied upon or issued or enforced against the Developer's and/or the assignee's undertaking/assets, and such execution, distress or other process as the case may be, is not satisfied or challenged bona fide by the Developer and/or the assignee within seven (7) days from the date thereof;
- (vi) there is a suspension of work and/or construction in respect of any part of the Project whether solely due to, or contributed to by, the default of the Developer and/or its assignees;

- (vii) there are any disputes involving the Developer and/or any shareholders or Directors of the Developer affecting the proprietor and/or the Project in any manner whatsoever prior to the completion of the Project; or
- (viii) the Developer, through negligence or wilful misconduct, damages the integrity and reputation of the proprietor.

(E) Developer's key obligations

The Developer at its own cost and expense agrees, covenants and undertakes with the proprietor the following:

- (i) to undertake, execute and complete the Project strictly in accordance with the agreed development plan and the terms and conditions of the JVA, including but not limited to, designing, planning, constructing, completing and commissioning all units comprised in the Project, including all related infrastructure to cater for and/or suit the needs of the Project and its surroundings and any other related infrastructure or other infrastructure as required by any approving authority;
- (ii) to adopt the best industry practices and standards commensurate with industry standards currently available in Malaysia in the execution and completion of the Project and to exercise due diligence and care in the development of the land in respect of the Project and the related infrastructure thereof;
- (iii) to be in charge of carrying out the Project including the financing, management, supervision, planning and control over the construction work thereof and the day-to-day operation of the Project, at its own cost and expense, subject always to the monitoring by a monitoring committee and approval of the proprietor wherever required under the JVA;
- (iv) to consult and liaise with the proprietor in order to finalise the agreed development plan as well as ensure the timely transmission to the proprietor of all relevant design plans, conceptual drawings and other statements, drawings and documents related to the development of the Project;
- (v) to be responsible, at its own costs and expense, for the following matters in respect of the Project, subject to the proprietor's compliance with its obligations, responsibilities and covenants under the JVA:
 - (a) applying for and obtaining the approval for the demolition works, including but not limited to tearing down, demolishing and removing of the hostels and the existing building structures currently situated or erected on the land in respect of the Project;
 - (b) preparation of the layout plan in accordance with the JVA and the agreed development plan and applying for and obtaining the approval of the appropriate authorities for the planning approval;
 - (c) preparation of the conversion plan and subdivision plan in accordance with the JVA and the agreed development plan and applying for and obtaining all necessary approvals from the relevant governmental or statutory authorities for the conversion and subdivision of the master title into the relevant sections of the Project (if required), taking into

consideration the units and the mixed use of the development, including but not limited to the relevant conversions of the use of the land in respect of the Project as may be necessary or desirable for the Project, and including the payment of all premiums imposed for such conversion and subdivision; and

- (d) preparation of the building plan in accordance with the JVA and the agreed development plan and applying for and obtaining the approval of the appropriate authorities for the building plan approval.

5. UTILISATION OF PROCEEDS

At an issue price of RM0.20 per Rights Share, gross proceeds of up to RM32.23 million is expected to be raised from the Rights Issue with Warrants, which shall be utilised as follows:

Purpose	Minimum Scenario RM'000	Maximum Scenario RM'000	Timeframe for utilisation (from the listing of the Rights Shares)
Funding of the Security Deposit pursuant to the Joint Venture	10,000 ⁽ⁱ⁾	13,500	Within 3 months
Repayment of bank borrowings	-	10,000 ⁽ⁱⁱ⁾	Within 6 months
Working capital ⁽ⁱⁱⁱ⁾	1,437	8,033	Within 12 months
To defray estimated expenses relating to the Proposals ^(iv)	700	700	Within 1 month
Total	12,137	32,233	

Notes:

- (i) Under the Minimum Scenario, the remaining balance of the Security Deposit of RM3.50 million will be funded through internally-generated fund and/or bank borrowings.
- (ii) Total borrowings as at the LPD, is approximately RM33.92 million. The repayment of bank borrowings of up to RM10.00 million is expected to generate interest savings of approximately RM0.60 million per annum. Details of the repayment of borrowings are set out below:

Type	Purpose	Borrowings as at LPD RM'000	Repayment amount RM'000
Short-term revolving credit	For working capital requirement	5,375	5,000
Bankers' acceptance	To finance sales/purchase of logs & timber to/from residents/non-residents	5,136	5,000
	Total	10,511	10,000

- (iii) The proceeds for working capital will be used to purchase raw materials and to finance our Group's existing day-to-day operations as well as to replenish monies taken out from our Group's working capital as follows:

Details of utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Replenish monies taken out for the initial payment of the Security Deposit	-	1,500
Purchase of raw materials for sawn and moulded timber, and precast concrete businesses	1,000	6,000
Payment to subcontractors engaged for our existing property development project comprising one hundred and thirty four (134) units of shop offices and a hypermarket known as Pusat Bandar Ampang in Ipoh	437	533
Total	1,437	8,033

- (iv) The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at RM700,000 for the Proposals. If the actual expenses incurred pursuant to the Proposals are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purpose, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The exact quantum of gross proceeds to be raised by our Company from the exercise of Warrants is dependent on the actual total number of Warrants exercised during the tenure of the Warrants.

Assuming the full exercise of the Warrants at an exercise price of RM0.20 per Warrant, our Company could potentially raise gross proceeds of up to RM40.29 million. The proceeds to be raised, as and when the Warrants are exercised, are proposed to be utilised for the working capital requirements of our Group, which include operating expenses and/or finance costs. The proceeds to be utilised for each component of working capital and its timeframes are subject to our Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to our Group and the industries in which we operate in

(a) Business risk

Our Group is principally engaged in the trading of logs, manufacturing and sale of sawn and moulded timber; manufacturing, construction and installation of precast concrete products and property development. Our Group's revenue and operating results could be adversely affected by many factors which include, amongst others, general economic, business and credit conditions, increase in operating expenses, lower profit margins and our ability to introduce new products and services and enhancements in a timely manner.

Over the past three (3) financial period/years, our main revenue from the trading of logs and manufacturing of sawn and moulded timber business had been operating in a challenging environment due to weaker European demand for tropical hardwood and increasing operational costs arising from under-utilisation of production capacity. Our Group had implemented various measures to increase revenue as well as contain costs in order to maintain our competitiveness by amongst others, employing species selection of timber and increasing sales in our downstream manufacture and sale of sawn and moulded timber. In addition, to reduce our Group's reliance on a single revenue stream, our Group ventured into the manufacturing, construction and installation of precast concrete products and property development. Further details on our Group's operational results for the past three (3) financial period/years are disclosed in Section 6 of Appendix III.

Our Group's risk is mitigated through, *inter-alia*, prudent management policies, keeping abreast with new developments in the relevant industries, continuously reviewing our operations and marketing strategies, and maintaining good relationships with our customers and suppliers. Although our Group seeks to mitigate these risks, no assurance can be given that any changes to these factors will not have a material adverse effect on our Group's business and earnings in the future. Furthermore, changes in the general economy in the global and regional economy could materially affect the financial prospects of our Group's business.

(b) Dependence on key personnel

Our Group depends significantly on the abilities, skills, experiences, competencies and continued efforts of key Directors and senior management. The loss of key Directors and senior management without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our operations, and consequently, revenue and profitability. Recognising the importance of key personnel, we have adopted personnel retention strategies such as participative management, competitive and performance based remuneration, succession planning programme for key positions and providing our employees with a variety of on-going training programmes to continuously develop their knowledge and capabilities. This will in turn help to ensure continuity and competency of our management team.

In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group. Whilst we have been fortunate not to experience the occurrence of the loss of key Directors and senior management without suitable and timely replacement, there is no assurance that the efforts above will be sufficient to mitigate the above risk or that the loss of key members of our management team, without appropriate replacement would not adversely affect our Group's ability to compete in the industry.

(c) Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic and regulatory developments. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulation, changes in interest rates, inflation and taxation and political leadership. In mitigating such risks, our Group will continue to review our business development strategies in response to the changes in political and economic conditions.

Whilst our Group strives to continue to take effective measures, such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our Group.

(d) Business diversification risk

Our Group is principally engaged in the trading of logs, manufacturing and sale of sawn and moulded timber; and manufacturing, construction and installation of precast concrete products. In January 2014, our Group launched our first property development project, Phase 1 of a mixed development of 134 units of shop offices and a hypermarket in Pusat Bandar Ampang, Ipoh, comprising eight (8) units of three-storey shop offices and 26 units of double-storey shop offices. Subsequently on 29 October 2014, our Group entered into the Joint Venture. The Joint Venture is part of our Group's plans to expand our property development activities. Our Group is subjected to new challenges and risks arising from property development in which our Group has not been directly participating in the past.

Our Group seeks to mitigate this risk by leveraging on the competencies and experience of our Managing Director and substantial shareholder, Dato' Leong Wei Kong[^] and our key management personnel, Nesan A/L SV Thangavelu ("Nesan") and Lim Chong Wei ("Lim")*, who have been involved in the property development sector. In addition, our Group also seeks to undertake careful planning, close monitoring of our projects' progress, timely implementation, undertake prompt actions to ensure the overall positive progress of our projects as well as to hire external professionals/consultants (namely, architects, engineers, surveyors, subcontractors and other consultants).

[^] Dato' Leong Wei Kong has been involved in property development in Ipoh since 1988 through private companies and has accumulated over 25 years of experience in the property development industry. His experience involves project planning, design development and implementation; appointment of consultants and contractors; monitoring the financial and contractual terms of the projects and ensuring the overall budget of the projects are maintained from inception to completion; monitoring the planning and building submissions and approvals; and monitoring the construction and construction schedule.

Dato' Leong Wei Kong has successfully completed three (3) property development projects as follows:

Type of Project	Location	Gross development value RM'million	Year
• 66 units of double-storey terrace houses	Taman Bercham Indah, Ipoh	15.9	1989 - 1991

Type of Project	Location	Gross development value RM'million	Year
<ul style="list-style-type: none"> Mixed development of 68 units of double-storey shop offices, 209 units of double-storey terrace houses and the hypermarket 	Taman Tasek Indra, Ipoh	32.7	1994 - 1998
<ul style="list-style-type: none"> 34 units of three-storey shop offices and 66 units of double-storey shop offices 	Pusat Perdagangan Tasek Indra, Ipoh	73.0	2011 - 2013

* Nesan has more than 27 years of banking experience, with his last position as Regional Director of Malayan Banking Berhad. During his tenure with the bank, Nesan had dealt with several established property developers in extending financing for property development projects and end-user financing packages for property buyers. He reviewed feasibility studies for new property development projects, evaluated marketing strategies, profitability and cash flow projections and recommended various financing packages for development projects. Nesan is in charge of the overall project management of our Group's developments in Pusat Bandar Ampang, Ipoh and the Joint Venture, including the planning of development concept and layout, conducting project feasibility studies, establishing and executing marketing strategies and project financing.

Lim is a graduate member of the Board of Engineers of Malaysia and has been involved in the construction and property development industry in a senior managerial role with various companies from 1997 to 2013. Lim's main responsibilities in our Group are to supervise our projects, liaise with consultants and authorities as well as to monitor the progress of construction works. Throughout his career, Lim was involved in the design, concept inception, management, budgeting and monitoring of the progress sites. His experience ranges across diversified projects comprising residential, commercial, industrial and institutional developments which include housing, schools, factories, and community halls.

His involvement in property development projects includes:

- the engineering, procurement, construction and commissioning of a factory at Shah Alam, Selangor (2002 – 2004);
- the extension of an existing factory at Bandar Sungai Long, Selangor (2002 – 2004);
- The Hill Crest Residence Condominium, Pulau Pinang (2005 – 2007);
- The Suasana Central Condominium, Kuala Lumpur (2005 – 2007);
- The Oval Condominium, Kuala Lumpur (2005 – 2007);
- the development of a community hall for Sarifah Rokiah Center of Excellence for the spastic and blind, Kedah (2007 – 2008)
- six (6) units of bungalows at Bukit Tunku, Kuala Lumpur (2008 – 2011);
- the development of The Precient Shopping Complex, Pulau Pinang (2008 – 2011);
- the mix-development of the Kota Kinabalu Waterfront, Kota Kinabalu, Sabah (2009 – 2011); and
- the development of 100 units of shop offices at Pusat Perdagangan Tasek Indra Ipoh, Perak (2011 – 2013).

However there is no assurance that steps taken to mitigate the business diversification risk will ensure that our venture into property development will be successful.

(e) Risks of the timber industry**(i) No long term contract with major customers**

Our Company does not have long term contracts with our major customers. Our customers provide us with their estimated orders and specifications which enable us to plan and allocate resources to meet potential orders but they do not constitute confirmed orders until customers issue purchase orders. Hence, our revenue from the manufacturing and sales of sawn and moulded timber is mainly generated on order-by-order basis. Whilst this allows for flexibility in pricing our products, which is subject to variation in raw material prices, this may give rise to the lack of sustainable and reliable cash flows as customers are not bound by long term contracts.

Despite the lack of formal long term contracts, our Group has successfully established long term business relationships, ranging from two (2) to eight (8) years, with a number of our major customers in Australia, Europe as well as local customers in Malaysia and we have been receiving repeated orders from them. These long term relationships have enabled us to develop a good understanding of our customers' requirements and expectations, ensuring continuity of business.

Our top three (3) major customers for our trading of logs, manufacturing and sale of sawn and moulded timber division for the 18-month FPE 30 June 2012 and FYEs 30 June 2013 and 30 June 2014 are as follows:

FPE/FYE 30 June Name of client	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Sunyi Timber	1,580	4.41	881	4.45	639	6.84
Golden Stick Timber	1,192	3.33	171	0.87	284	3.04
Wood United Pte Ltd	1,027	2.87	-	-	278	2.98
Meadow Wood Enterprise	392	1.10	4,324	21.85	757	8.11
SIM Kayu Balak	138	0.39	3,714	18.77	1,765	18.90
Jayamas Timber Sdn Bhd	-	-	1,258	6.36	371	3.97
Pacific European	333	0.93	-	-	833	8.92
LSH Li Tung Sang Co	560	1.57	356	1.80	819	8.77
Others	30,558	85.40	9,083	45.90	3,591	38.00
Total	35,780	100.0	19,787	100.0	9,337	100.0

However there can be no assurance that our long term business relationships with our customers will be sufficient to provide our Group with sustainable and reliable cash flows in the future.

(ii) Log supply

The availability of a consistent supply of logs, the raw material for our manufacturing and sale of sawn and moulded timber products is important. Our Group may be subject to risks of shortage in the supply of logs. However, over the years, we have not faced any severe shortage in log supply and we believe that the current volume of log supplies is sufficient to meet future consumption. Our Group reduces our exposure to this risk by entering into long term agreements /arrangements with forest concession holders to purchase extracted logs from their concessions. There is no tenure/expiry or value mentioned in these agreements. Nonetheless, to secure the logs supply under these agreements/arrangements, our Group makes advance payments to the forest concession holders for the purchase of merchantable timber logs. As such, at our request, the forest concession holders shall supply and deliver the timber logs to us at the prevailing market prices. The advance payments will be progressively deducted from our purchase of the said timber.

Our total purchase of logs and the amount of logs purchased under the arrangements mentioned above for the 18-month FPE 30 June 2012 and FYEs 30 June 2013 and 30 June 2014 are as follows:

	2012	2013	2014
	RM'000	RM'000	RM'000
Total purchase of logs	6,421	1,345	304
Purchase of logs under arrangement mentioned above	3,087	1,209	161
<i>% logs purchase under arrangement over total amount of logs purchased</i>	<i>48.1</i>	<i>89.9</i>	<i>52.9</i>

This availability of wood resources ensures that our Group has a consistent and sustainable supply of logs to meet our long term production needs. We have been and will continue to be a long term player in the tropical timber industry. However there can be no assurance that our Group's efforts will be sufficient to ensure the future supply of logs for our sawn and moulded timber division in the future, or that any future reduction in the supply of logs would not adversely affect our Group's financial performance.

(iii) Fluctuation in log prices

The price of logs is subject to fluctuation due to changes in supply and demand conditions. Any shortage in supply or upsurge in demand for logs may lead to an increase in the price of logs. Weather conditions, regulatory and other restrictions are factors which may influence the supply of logs, such as reduced logging activities during the monsoon months due to wet weather conditions, resulting in the lower supply of logs.

We believe that our Group is able to mitigate the risk of fluctuation in log prices by reflecting such increases in the prices of our sawn and moulded timber products. In any event, all manufacturers will be similarly affected by the price increase of logs and should likely pass on the price increases to their respective customers in the longer term to ensure business sustainability. Nevertheless, the extent of any adjustment to the selling prices would take into consideration the prevailing market demand for our sawn and moulded timber products and market acceptance to the price adjustment and to the extent that it would not materially affect the demand for our sawn and moulded timber products.

However, there is no assurance that the profitability of our Group will not be affected in the event the increase in our selling price is not sufficient to offset the impact of the cost increase. Nevertheless, we believe that our Group would be able to pass on the cost increase to our customers in the longer term, in the event of any increase in log prices.

(iv) Operational risks and insurance coverage

Our Group's sawn and moulded timber division is susceptible to operational risk such as outbreaks of fire, which may cause significant losses or damage to our logs, sawn timber materials and production facilities, thus disrupting and affecting our business operations. Whilst our operations have not been affected by such occurrence in the past, we are aware of the adverse consequences arising from inadequate insurance coverage for the outbreaks that could disrupt our business operations. As such, we have taken up insurances which covers fire and lightning, as well as life and personal accidents to our properties, furniture & fixtures, assets, employees, equipment, stocks and inventories. However, there is no assurance that this coverage is sufficient to cover all potential losses, and indemnify our Group against all possible liabilities arising from our operations.

Our facilities are however equipped with the basic regulatory fire-fighting equipment such as fire extinguishers and employees are trained on the use of these equipment, the proper fire-fighting techniques and procedures, and evacuation drills.

(f) Risks of the precast concrete industry

(i) Slow rollout of Government projects

For the FYE 30 June 2014, our Group's precast concrete division derived 98.1% of our revenue from Government infrastructure projects. Our growth in the precast concrete division may be dampened in the event of a significant reduction or delay in the rollout of infrastructure projects by the Government. Currently, our precast concrete division has an order book of approximately RM9.0 million comprising deliverables over the next 12 months.

Our Board anticipates that moving forward, an increase in projects is expected from the private sector, providing our precast concrete division some buffer in the event of any potential reduction or delay in the rollout of infrastructure projects by the Government. However there can be no assurance that our Group's efforts, existing or expected orders or projects from the private sector will be adequate to address the risk arising from the slow rollout of Government projects.

(ii) Fluctuation in raw materials prices

As with other precast concrete manufacturers, our Group is susceptible to fluctuations in the prices of raw materials for the manufacture of our precast concrete products which include cement, steel fiber and silica fume. The prices of raw materials are subject to fluctuations due to changes in supply and demand conditions. Our Group mitigates this risk by securing raw materials at pre-agreed prices with some of our suppliers according to the orders received and by incorporating clauses in agreements with certain clients allowing for contract value adjustments in the event of fluctuations in raw materials prices in projects. However there can be no assurance that our Group's efforts to manage fluctuations in raw material prices will be sufficient to mitigate the risks of such price fluctuations or that such fluctuations in raw material prices will not materially affect the earnings and growth of our precast concrete

(g) Risks of the property development industry

(i) Competition from other property developers

There are a large number of local property developers in Malaysia. Our Group faces competition from existing industry players as well as better capitalised developers in respect of supply of labour and raw materials as well as marketing and selling prices of properties. Our Group may also face the disadvantage as a new entrant in the property development industry as we lack the relevant track record and brand name as compared to the existing players which enjoy the privilege of their established brand name and reputation in the industry.

Nevertheless, our Group seeks to be competitive in the property industry by being cost efficient through effective human resource, project management and cost control policies, providing quality services and reliability through continuously review of our operations, competitive pricing and by being innovative by keeping abreast with the latest development in the industry. However there can be no assurance that our Group's efforts will enable our Group to compete successfully and effectively with the current and new entrants in the property development sector.

(ii) Risks of unforeseen delays in the completion of our projects

Our property development projects are subject to risks inherent in the property development industry, including among others, timely completion, changes in relevant governmental priorities, satisfactory sales level, risk of purchasers defaults and other unforeseen circumstances. Any of these could result in cost overruns and/or lower demand for units developed for our projects. Delays in the process of obtaining the requisite licenses, permits or approvals from Government agencies or authorities could also increase the cost, delay or even stall the development of our projects. Construction delays can result in economic losses. The failure or delay in completing the development or construction of our projects according to their specifications may result in cost overruns that may affect our Group's future developments, profitability and cash flow, liabilities, reduced efficiency and less desirable returns.

Although these risks are inherent to all property development projects, our Board will take pro-active steps to counter and/or mitigate this risk by, among others, leveraging on the experiences of Dato' Leong Wei Kong (who has more than 25 years of experience in property development) and our property development team. In addition, our Group seeks to limit this risk by careful planning, close monitoring of our projects' progress, timely implementation and undertaking prompt actions to ensure the overall positive progress of our projects. As at the LPD, our Group has not been materially affected by any unforeseen delays in the development of our projects. Our Group also mitigates this risk by developing our projects in phases, to closely supervise the progress of our projects, manage our cashflows and to constantly gauge the demand and supply of the property market to ensure a ready market for our developed units.

However, there is no assurance that our Group's efforts will be adequate to mitigate delays in the completion of our projects and that any such delays will not adversely affect our Group's prospects and financial position.

(iii) Capital requirements

The availability of adequate financing is crucial to our ability to acquire suitable parcels of land or identify joint ventures for development and to complete development projects according to plan. Typically, any property development projects are financed from a combination of internally-generated funds, shareholders' loan, bank borrowings and/or sale proceeds from the development.

Our property development costs are expected to be funded through a combination of proceeds raised from the Rights Issue with Warrants, internally generated funds, sale proceeds from the development and/or bank borrowings. If bank borrowings are secured to fund our property development costs, our Group's gearing level will increase and any adverse movement in the interest rates may have a significant impact on the project costs which could adversely affect our Group's financial performance in the future. As at 30 June 2014, being the date of our Group's audited consolidated statements of financial position, our Group's gearing is 0.22 times. Assuming none of the proceeds from the Rights Issue with Warrant is utilised to repay bank borrowings and assuming the entire amount of the gross development cost of RM227.50 million for the development of the Joint Venture is funded by bank borrowings and assuming only RM12.14 million is raised pursuant to the Rights Issue with Warrants under the Minimum Scenario, the pro forma gearing level of our Group will increase to 2.30 times.

Notwithstanding the pro forma illustration above, our Group develops our projects in phases so as to manage our cashflows and take into consideration our debt and gearing levels as well as our Group's repayment capabilities. Our management will continuously monitor and adjust development and marketing strategies in response to changes in economic conditions and market demand and that our property development projects are carried out with due care and proper judgment. Although our management actively monitors the funds of our property development projects, there can be no assurance that we will always have sufficient internally-generated funds for our development projects or that we will be able to achieve sufficient sales to fund our current and/or future developments. Any inadequacy of financing to meet the capital requirements of our development projects may cause a material adverse effect on our Group's operations and financial results.

(iv) Dependence on contractors

Our Group is highly dependent on the performance of main/sub-contractors to ensure timely completion of the respective buildings and infrastructure works as per their contractual timeline. Our development projects are usually fully outsourced to main/sub-contractors. As such, the performance and profitability of our development projects are dependent on the quality, pricing, performance and reliability of the main/sub-contractors appointed to carry out the development projects.

Although our Group has not been materially affected by the performance of our main/sub-contractors in the past, failure by our contractors to complete their work based on agreed time schedule and to the specification required may materially and adversely affect our ability to deliver completed properties to our end-buyers in a timely manner and to the specification required. We engage third-party contractors to provide various services including design, construction, piling and foundation, building and property fit-out works. We invite contractors to tender bids according to their reputation for quality and track record. However there is no assurance that the services rendered by third-party contractors will be satisfactory or will match the quality level we require. Any of these factors could adversely affect the results of our operations and financial results.

(v) Dependence on key management personnel

As in any other business, our Group's involvement in the property development industry depends significantly on the abilities, skills, experiences, competencies and continued efforts of Dato' Leong Wei Kong and our key property development personnel. The loss of Dato' Leong Wei Kong and any of our key property development personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our operations, and consequently, revenue and profitability. Recognising the importance of key personnel, our Group has adopted personnel retention strategies such as participative management, competitive and performance based remuneration, succession planning programme for key positions and providing our employees with a variety of on-going training programmes to continuously develop their knowledge and capabilities. To avoid over dependence on any key personnel, our Group strives to attract qualified and experienced employees and well as address the succession planning programme by grooming junior employees to complement our management team. This will in turn help to ensure continuity and competency of our management team.

Whilst every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group, there is no assurance that the efforts above will be sufficient to mitigate the above risk or that the loss of key members of our management team, without appropriate replacement would not adversely affect our Group's ability to compete successfully in the industry.

6.2 Risks relating to the Rights Issue with Warrants

(a) Potential dilution

Entitled Shareholders who do not accept their provisional allotment of the Right Shares with Warrants will have their proportionate ownership and voting interest in our Company reduced and the percentage ownership, represented by their shareholdings in the enlarged issued and paid-up share capital of our Company, reduced accordingly.

(b) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants may be aborted or delayed on the occurrence of any of the following events:

- (i) *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Warrants; or
- (ii) the Undertaking Shareholders as set out in Section 2.6 above who have given their Undertakings to subscribe for the Rights Issue with Warrants may not fulfil or be able to fulfil their obligations.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within fourteen (14) days to the Entitled Shareholders in the event the Rights Issue with Warrants is aborted. Monies not paid within fourteen (14) days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the Securities Commission Malaysia. Notwithstanding the above, we will exercise our best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

(c) Investment and capital market risks

The market price of our Shares are influenced by, among others, the prevailing market sentiments, the volatility of equity markets, movements in interest rates, and our financial performance. In view of this, there is no assurance that the market price of the Rights Shares upon or subsequent to the listing of and quotation for the Rights Shares will trade or be above the issue price of RM0.20 of the Rights Shares or be at a level that meets the specific investment objectives or targets of any other holder of the Rights Shares.

(d) Share price volatility

The market price of our Shares could be affected by numerous factors, including:

- (i) general market, political and economic conditions;
- (ii) trading liquidity of our Shares;
- (iii) changes in earnings estimates and recommendations by financial analysts;

- (iv) changes in government policy, legislation or regulation; and
- (v) general operational and business risks.

In addition, many of the risks described elsewhere in this Abridged Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares/Rights Shares will not trade at prices lower than the issue price of the Rights Shares.

(e) No prior market for the Warrants

There can be no assurance that there will be an active market for the Warrants upon or subsequent to its listing on the Main Market of Bursa Securities or, if developed, that such a market is sustainable or adequately liquid during the tenure of the Warrants.

The market price of the Warrants is subject to fluctuations and will be influenced by, *inter-alia*, trades in substantial amount of the Warrants, the volatility of our Shares, announcements relating to the business of our Group, the financial performance of our Group, the exercise period of the Warrants, as well as external factors, such as economic and political conditions, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

(f) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter-alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of the Malaysian Economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%), underpinned mainly by the private sector demand. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%). Domestic demand expanded by 7.9% in the first quarter of 2015 (4Q 2014: 5.7%), driven mainly by private sector expenditure.

Private sector activity grew by 9.6% (4Q 2014: 8.3%), following continued growth in consumption and investment activities. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. Furthermore, household spending was supported by flood relief efforts, in particular, during the early months of the first quarter of 2015. The front-loading of consumer purchases prior to the implementation of the Goods and Services Tax ("GST"), particularly on transport, food and beverages, as well as communication, also contributed to the strong expansion in private consumption. Private investment expanded by 11.7% (4Q 2014: 11.1%), driven by capital spending in the export-oriented manufacturing sector and in the telecommunication and transport-related services industries.

Public sector expenditure expanded by 2.5% in the first quarter of 2015 (4Q 2014: 0.6%) driven mainly by higher growth in public consumption and a turnaround in public investment. Public consumption grew by 4.1% (4Q 2014: 2.5%), reflecting higher Federal Government spending on supplies and services amid moderate growth in emoluments. Following a rebound in spending on fixed assets by the Federal Government, public investment turned around and grew by 0.5% (4Q 2014: -1.9%).

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

(Source: Economic and Financial Developments in Malaysian Economy in the First Quarter of 2015 by Bank Negara Malaysia)

7.2 Overview of the Malaysian property industry

The Malaysian economic growth was at 6.0% in 2014, higher than 4.7%, supported the slight increase in the property sector of 0.8% in market volume and 7.0% in market value. The 11.6% (2013: 10.9%) expansion in the construction sector was in tandem with the uptrend in the construction activities across the sub-sectors. Loans approved for the sector charted a marginal 0.3% growth (2013: -10.5%) whilst the loans disbursed continued to grow by 12.7% (2013: 14.8%).

The Consumer Sentiments Index ("CSI") stood at 83.0 points in 2014's final quarter (2013: 104.3 points), as cautionary sentiments continued to linger on household finances. The Malaysian Institute on Economic Research's ("MIER") Business Condition Index thwarted to 86.4 points due to the depreciation of the Ringgit and the falling oil prices. These low note MIER's indicators have in part influenced the level of confidence in the commercial property sub-sector as volume grew by a marginal 3.6% whereas value dropped by 10.5%.

The manufacturing sector expanded by 6.2% (2013: 3.5%) due to stronger performance in the export-oriented industries, particularly the electronics and electrical cluster. The industrial property sub-sector paves its way with a lower contraction of 3.8% in market activity whilst value shot up by 17.7%. The agricultural sector recorded a marginal growth of 2.6% (2013: 2.1%) supported by the higher oil palm production and the agricultural property experienced a turnaround of 2.0% in volume though value moderated by 4.2%.

In the leisure sub-sector, market performance remained encouraging with national average occupancy rate of one to five star hotels registered 53.5% (2013: 50.8%) due to the increase in the number of tourist arrivals.

The performance of the overall property market recorded a total of 384,060 transactions worth RM162.97 billion, marking an increase of 0.8% in volume and 7.0% in value. The highest contribution in terms of volume was by the residential sub-sector (64.4%), agricultural (18.8%), commercial (9.3%), development land (5.5%) and industrial (2.1%). In terms of value, residential was (50.4%) share, commercial (19.5%), development land (13.3%), industrial (8.9%) and agricultural (7.8%).

Residential, commercial and agricultural sub-sectors recorded growths in volume of 0.4%, 3.6% and 2.0% respectively while industrial and development land sub-sectors each recorded a slight downturn of 3.8% and 1.9% respectively against 2013. Value of transactions moved independently with residential, industrial and development land sub-sectors recorded double-digit growth of 13.9%, 17.7% and 13.5% respectively whereas commercial and agricultural sub-sectors recorded downfall of 10.5% and 4.3% respectively.

Residential property

In 2014, transactions worth RM82.06 billion were recorded in the review period, up by 0.4% in volume and 13.9% in value. Residential property accounted for 64.4% and 50.4% of the volume and value respectively.

In the primary market, the number of new launches amounted to 68,351 units (2013: 62,376 units), attributable to the rise in condominiums and service apartments (44.9%) led by Selangor, Kuala Lumpur and Johor. Sales performance moderated at 44.7% mainly from Kuala Lumpur, Negeri Sembilan, Kelantan and Sabah. Terrace houses make the majority of new launches at 37.7%. Residential overhang numbers receded to 11,816 units or RM4.04 billion, down by 12.8% in volume and 15.9% in value. Johor accounted for 30.2% of national overhang units.

Terraced houses accounted for 42.1% (4,974 units) of the total unsold, majority from Johor (2,183 units; 43.9%), where these houses have remained unsold for more than 24 months. Condominiums/apartments (1,530 units) and service apartments (919 units) formed a combined share of 20.7% of the country's total overhang with Kuala Lumpur holding the bulk of condominiums/apartments overhang (746 units).

Commercial property

Malaysia registered a moderate 35,528 transactions in 2014, up by 3.6% compared to the same period last year. Value of transactions dropped by 10.5% to record RM31.84 billion. Perak saw a decline of 16.7% in volume. Selangor, Johor and Pulau Pinang recorded a downfall in value - by 1.0%, -42.8% -3.5% respectively while Kuala Lumpur and Perak recorded a better performance, each up by 14.3% and 5.3% respectively.

Leisure property

There were eighteen (18) hotels and ten (10) resorts transactions recorded in 2014 worth RM991.14 million. The leisure sub-sector showed a moderate performance as the three (3) to five (5) star hotels recorded an overall occupancy of 54.8% (2013: 50.4%). The one (1) to five

(5) star hotels recorded an increase in the overall occupancy from 53.5% in 2014 (2013: 50.8%). Putrajaya, Selangor, Kuala Lumpur, Pulau Pinang, Pahang and Sabah recorded an overall occupancy of more than 60.0%. A total of 42 new hotels emerged in the market, offering 5,430 rooms (2013: 5,197 rooms). At the end of 2014, there were 2,805 hotels across the country offering 202,829 rooms.

(Source: Press Release of the Malaysian Property Market 2014 from the Valuation & Property Services Department dated 24 April 2015 - Ministry of Finance, Malaysia)

7.3 Overview and prospects of the Malaysian precast concrete industry

Growth of the precast concrete industry in Malaysia is dependent on the performance of the construction industry. The manufacture of precast concrete, cement and artificial stone articles for use in construction was valued at RM2.14 billion in 2014, representing a compounded annual growth rate of 3.7% from RM1.99 billion in 2012. (Source: Monthly Manufacturing Statistics April 2015 by Department of Statistics Malaysia)

In 2014, the construction industry recorded improved growth of 11.6%, in comparison to the 10.9% growth in the previous year, owing mainly to stronger growth in both the residential and non-residential sub-sectors, with further support from the infrastructure projects under the civil-engineering sub-sector. (Source: Bank Negara Malaysia Annual Report 2014)

The Malaysian Government has announced the implementation of large-scale infrastructure projects such as the Sungai Besi-Ulu Klang Expressway, the West Coast Expressway, the Damansara-Shah Alam Highway, the Eastern Klang Valley Expressway and the upgrading of the East Coast railway line along Gemas-Mentakab, Jerantut-Sungai Yu and Gua Musang-Tumpat. In addition, the mass rapid transit ("MRT") and light rail transit ("LRT") are being expanded with the future construction of the second MRT line from Selayang to Putrajaya at an estimated cost of RM23 billion and implementation of the LRT 3 project linking Bandar Utama to Shah Alam at an estimated cost of RM9 billion. (Source: The 2015 Budget Speech by Ministry of Finance Malaysia)

Moving forward, the Malaysian construction industry is expected to expand by 10.3% in 2015. Activity in the residential sub-sector is expected to increase at a more moderate pace due to lower housing approvals and property launches. Nonetheless, growth in the non-residential sub-sector is projected to be sustained, amid higher construction activity for industrial and commercial buildings. New and existing multi-year civil engineering projects, particularly in the transport and utility segments, will continue to provide additional support to the sector. (Source: Economic and Financial Developments in Malaysian Economy in the First Quarter of 2015 by Bank Negara Malaysia)

7.4 Overview and prospects of the Malaysian timber industry

The timber industry is one of the major contributors to the country's economy. Over the years, the timber industry has developed from a primary processing industry to a more advanced and technology-driven industry producing a significant number of downstream value-added products. (Source: National Timber Industry Policy 2009-2020 by Ministry of Plantation Industries and Commodities Malaysia)

Malaysia exported a total of RM20.5 billion of timber and timber products in 2014. Wooden furniture was the main contributor, constituting RM6.3 billion or 30.8% of total timber products export. This was followed by the export of plywood, constituting RM5.2 billion or 25.3% of total timber products export. Export of sawn timber contributed RM2.6 billion or 12.4%, whereas logs contributed RM2.1 billion or 10.1% to the total export of timber products in 2014. (Source: Malaysian Timber Industry Board E-Statistics for Export January–December 2014)

In 2014, the manufacture of veneer sheets and plywood was valued at RM6.85 billion, followed by the manufacture of furniture, both wooden and cane, at RM4.27 billion. The manufacture of pulp, paper and paperboard was valued at RM2.24 billion, whereas the manufacture of particle board and fibreboard was valued at RM1.88 billion in 2014. The manufacture of builders' carpentry was valued at RM835.7 million during the same period. (Source: Monthly Manufacturing Statistics April 2015 by Department of Statistics Malaysia)

The timber industry in Malaysia is anticipated to grow moving forward, supported by the strategic thrusts and policy directions aimed at promoting the industry's competitiveness in both the domestic and international markets outlined in the National Timber Industry Policy (2009-2020). The technology and innovation within the timber industry is set to assume an important role in gearing the industry towards achieving greater productivity and profitability. The timber industry is also poised to develop its potential through enhanced human capital development and successful commercialisation of research and development efforts, as outlined in the National Timber Industry Policy. Moving forward, the export of timber products is targeted to achieve an annual export value of RM53 billion by 2020. (Source: National Timber Industry Policy 2009-2020 by Ministry of Plantation Industries and Commodities Malaysia)

7.5 Future prospects of our Group

Our Group is principally involved in the trading of logs, manufacture and sale of sawn and moulded timber; manufacturing, construction and installation of precast concrete products and property development. Over the past three (3) financial years, our trading of logs and manufacturing of sawn and moulded timber division had been operating in a challenging environment due to weaker European demand for tropical hardwood and increasing operational costs. The weaker demand had contributed to the decline in our Group's revenue from RM35.8 million for the FYE 30 June 2012 to RM9.3 million for the FYE 30 June 2014. Our Group had implemented measures to increase revenue as well as contain costs in order to maintain our competitiveness by amongst others, employing species selection and increasing sales in our downstream manufacture and sale of sawn and moulded timber.

To reduce our Group's reliance solely on the timber-based industry, our Group had on 2 November 2010, acquired a 51% equity interest in Dura Technology Sdn Bhd, a manufacturer of "Ultra-High Performance Ductile" concrete for use in the production of precast elements for civil engineering, structural and architectural applications. The Ultra-High Performance Ductile concrete is an advanced construction material which can attain high compressive strengths of 150 megapascals and beyond. Structures and elements made from this concrete are half the volume and weight of conventional concrete elements and are widely used overseas for the construction of infrastructure, impact resisting structures, prestressed elements and buildings. Our Group has since commercialised this Ultra-High Performance Ductile concrete, and market acceptance of this product within the construction sector in Malaysia has been gradually increasing. In light of the positive outlook of the construction industry in Malaysia, our Board is of the opinion that the growth in the construction industry is set to increase the demand of precast concrete and accordingly, drive the growth of the precast concrete industry in Malaysia.

In January 2014, our Group launched our first property development project, Phase 1 of a mixed development of 134 units of shop offices and a hypermarket in Pusat Bandar Ampang, Ipoh, comprising eight (8) units of three-storey shop offices and 26 units of double-storey shop offices. As at the LPD, 55.9% of the units in Phase 1 have been sold, and 70.6% of the construction works have been completed. Subsequently, on 29 October 2014, our Group entered into the Joint Venture. The Joint Venture is part of our Group's plans to further expand our property development activities. The Joint Venture entails the development of a mixed development, which includes an institutional development. The institutional development is complementary to our current development in Pusat Bandar Ampang, Ipoh, which is located approximately one (1) kilometre away and is expected to spill over to cater to the anticipated demand for accommodation and residential properties. With the location of the Joint Venture development and our existing development in Pusat Bandar Ampang nearby Tambun Town and

Ipoh City Centre, good connectivity to key roads, commercial centres, banks, hotels, amenities and historical sites as well as located next to the North-South Expressway, our Board believes that the Joint Venture is an opportunity to participate in the development of a prime land.

Our Directors are of the opinion that diversifying into property development would offer good growth prospects for our Group in the long term given the industry's resilience, which is positively correlated to population growth and expected to contribute positively to our Group's future earnings. Moreover, our Group's diversification into property development mitigates the dependency of our existing core business in trading of logs and manufacturing and sale of sawn and moulded timber; and manufacturing, construction and installation of precast concrete products. The additional revenue contribution from property development activities will provide an additional source of earnings which is expected to enhance our profitability and returns on shareholders' funds.

Our Group expects that the future contribution from our property development and precast concrete activities shall contribute significantly to our financial performance.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

The effects of the Rights Issue with Warrants on our share capital, consolidated earnings and EPS, dividend, substantial shareholders' shareholdings, NA and gearing are as follows:

8.1 Share capital

The effect of the Rights Issue with Warrants on our issued and paid-up share capital of Leweko is set out below:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Existing issued and paid-up capital as at the LPD	241,748,404	48,349,681	241,748,404	48,349,681
Shares to be issued pursuant to the Rights Issue with Warrants	60,682,782	12,136,556	161,165,602	32,233,120
After the Rights Issue with Warrants	302,431,186	60,486,237	402,914,006	80,582,801
Shares to be issued assuming full exercise of the Warrants	75,853,477	15,170,695	201,457,002	40,291,400
Enlarged share capital	378,284,663	75,656,932	604,371,008	120,874,201

8.2 Earnings and EPS

Barring unforeseen circumstances, the Rights Issue with Warrants is expected to reflect positively in the earnings of our Group for the FYE 30 June 2016. The proceeds from the Rights Issue with Warrants are mainly to finance the Security Deposit for the Joint Venture, working capital and to repay bank borrowings. The liquidity from the proceeds raised for working capital is also expected to reflect positively on the cash flow of our businesses. As such, the Rights Issue with Warrants is expected to contribute positively to the future earnings of our Group as the benefits of the utilisation of proceeds raised from the Rights Issue with Warrants are realised.

However our consolidated EPS may be proportionately diluted as a result of the increase in the number of Shares in issue after the Rights Issue with Warrants and after the exercise of the Warrants.

Notwithstanding the above, the actual impact on the future earnings and consolidated EPS will depend on the level of returns generated from the utilisation of proceeds in our current businesses in the ensuing years.

8.3 Dividend

The Rights Issue with Warrants is not expected to affect the dividend policy of our Company as future dividends payable by our Company would be dependent on inter-alia, the future profitability and cashflow position of our Group.

8.4 Existing convertible securities

As at the LPD, our Company does not have any outstanding convertible securities in issue.

8.5 NA and gearing

Based on our audited consolidated statements of financial position as at 30 June 2014, the pro forma effects of the Par Value Reduction and the Rights Issue with Warrants on our NA and gearing is set out below:

Minimum Scenario

	Audited as at 30 June 2014	I After the Par Value Reduction	II After I and the Rights Issue with Warrants	III After II and full exercise of Warrants
	RM	RM	RM	RM
Share capital	120,874,202	48,349,681	60,486,237*	75,656,932**
Share premium	4,764,094	4,764,094	4,764,094	4,764,094
Warrants reserve	-	-	6,068,278#	-
Discount on shares	-	-	(6,068,278)	-
Retained profits / (Accumulated losses)	(28,811,335)	43,713,186	43,013,186^	43,013,186
NA	96,826,961	96,826,961	108,263,517	123,434,212
No. of shares	241,748,404	241,748,404	302,431,186	378,284,663
Par value	0.50	0.20	0.20	0.20
NA per share	0.40	0.40	0.36	0.33
Bank borrowings	21,263,453	21,263,453	21,263,453	21,263,453
Gearing (times)	0.22	0.22	0.20	0.17

Notes:

* Based on the issuance of 60,682,782 Rights Shares pursuant to the Rights Issue with Warrants.

Based on the issuance of 75,853,477 Warrants at an estimated allocated fair value of RM0.08 per Warrant which was arrived at based on the Black-Scholes option valuation model obtained from Bloomberg.

^ After deducting estimated expenses of RM700,000 incurred in relation to the Proposals.

** Based on the issuance of 75,853,477 new Leweko Shares, arising from the exercise of the Warrants.

Maximum Scenario

	Audited as at 30 June 2014 RM	I After the Par Value Reduction RM	II After I and the Rights Issue with Warrants RM	III After II and full exercise of Warrants RM
Share capital	120,874,202	48,349,681	80,582,801*	120,874,201**
Share premium	4,764,094	4,764,094	4,764,094	4,764,094
Warrants reserve	-	-	16,116,560 [#]	-
Discount on shares	-	-	(16,116,560)	-
Retained profits / (Accumulated losses)	(28,811,335)	43,713,186	43,013,186 [^]	43,013,186
NA	96,826,961	96,826,961	128,360,081	168,651,481
No. of shares	241,748,404	241,748,404	402,914,006	604,371,008
Par value	0.50	0.20	0.20	0.20
NA per share	0.40	0.40	0.32	0.28
Bank borrowings	21,263,453	21,263,453	11,263,453 ^{##}	11,263,453
Gearing (times)	0.22	0.22	0.09	0.07

Notes:

- * Based on the issuance of 161,165,602 Rights Shares pursuant to the Rights Issue with Warrants.
- # Based on the issuance of 201,457,002 Warrants at an estimated allocated fair value of RM0.08 per Warrant which was arrived at based on the Black-Scholes option valuation model obtained from Bloomberg.
- [^] After deducting estimated expenses of RM700,000 incurred in relation to the Proposals.
- ^{##} Based on the utilisation of proceeds under the Maximum Scenario for the repayment of bank borrowings of up to RM10.0 million.
- ** Based on the issuance of 201,457,002 new Leweko Shares, arising from the full exercise of Warrants.

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8.6 Substantial shareholders' shareholdings

The effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are set out below:

Substantial shareholders	I As at the LPD				II After I and the Rights Issue with Warrants [^]				III After II and the full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Leong Wei Kong	71,700,310	29.66	976,500*	0.40	97,700,310	32.30	1,627,500*	0.54	130,200,310	34.42	2,441,250*	0.65
Abd Aziz bin Jantan	51,047,674	21.12	-	-	85,079,456	28.13	-	-	127,617,183	33.74	-	-
Exact Fortune Sdn Bhd	19,056,400	7.88	-	-	19,056,400	6.30	-	-	19,056,400	5.04	-	-
Ramelle Ashram bin Ramli	-	-	19,056,400 [@]	7.88	-	-	19,056,400 [@]	6.30	-	-	19,056,400 [@]	5.04
Putri Azalea Ashram binti Ramli	-	-	19,056,400 [@]	7.88	-	-	19,056,400 [@]	6.30	-	-	19,056,400 [@]	5.04

Substantial shareholders	I As at the LPD				II After I and the Rights Issue with Warrants [#]				III After II and the full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Leong Wei Kong	71,700,310	29.66	976,500*	0.40	119,500,516	29.66	1,627,500*	0.40	179,250,773	29.66	2,441,250*	0.40
Abd Aziz bin Jantan	51,047,674	21.12	-	-	85,079,456	21.12	-	-	127,619,183	21.12	-	-
Exact Fortune Sdn Bhd	19,056,400	7.88	-	-	31,760,666	7.88	-	-	47,640,998	7.88	-	-
Ramelle Ashram bin Ramli	-	-	19,056,400 [@]	7.88	-	-	31,760,666 [@]	7.88	-	-	47,640,998 [@]	7.88
Putri Azalea Ashram binti Ramli	-	-	19,056,400 [@]	7.88	-	-	31,760,666 [@]	7.88	-	-	47,640,998 [@]	7.88

Notes:

- [^] Based on the issuance of 60,682,782 Rights Shares pursuant to the Undertakings and the issuance of 75,853,477 Warrants.
- [#] Based on the issuance of 161,165,602 Rights Shares together with 201,457,002 Warrants.
- ^{*} Deemed interested by virtue of his spouse's direct interest in Leweko.
- [@] Deemed interested by virtue of their substantial interest in Exact Fortune Sdn Bhd pursuant to Section 6A of the Act.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and banking facilities available, our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group's total outstanding bank borrowings are as follows:

Interest bearing borrowings:	RM'000
Short-term secured borrowings	
- Short-term revolving credit	5,375
- Term loans	1,804
- Bankers' acceptance	5,136
- Bank overdrafts	2,355
- Trust receipts	449
- Hire purchase	223
	<u>15,342</u>
Long-term secured borrowings	
- Term loans	18,148
- Hire purchase	425
	<u>18,573</u>
Total	<u>33,915</u>

Our Board, after having made all reasonable enquiries, confirms that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2014 and for the subsequent financial periods up to the LPD.

9.3 Material commitments

Save as disclosed below, as at the LPD, our Board, after having made all reasonable enquiries, confirms that there are no material commitments, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group as at the LPD.

	RM'000
Approved and contracted for:	
- Balance of the Security Deposit pursuant to the Joint Venture	13,500

9.4 Contingent liabilities

Save as disclosed below, as at the LPD, our Board, after having made all reasonable enquiries, confirms that there are no contingent liabilities incurred or known to be incurred which upon becoming enforceable, may have a material impact on the net profit or NA of our Group:

	RM'000
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	21,500

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board,
LEWEKO RESOURCES BERHAD



DATO' HAJI ROSHIDI BIN HAJI HASHIM
Independent Non-Executive Chairman

CERTIFIED EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS PASSED AT OUR EGM HELD ON 5 FEBRUARY 2015

LEWEKO RESOURCES BERHAD (568420-K)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, FEBRUARY 5, 2015 AT 10.00 A.M.

RESOLVED:

SPECIAL RESOLUTION 1

PROPOSED PAR VALUE REDUCTION OF THE EXISTING ISSUED AND PAID-UP SHARE CAPITAL OF LEWEKO FROM RM120,874,202 COMPRISING 241,748,404 ORDINARY SHARES OF RM0.50 EACH TO RM48,349,681 COMPRISING 241,748,404 ORDINARY SHARES OF RM0.20 EACH PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("PROPOSED PAR VALUE REDUCTION")

"THAT, subject to the confirmation of the High Court of Malaya and the approvals from the relevant authorities being obtained where necessary, the approval be and is hereby given to the Directors of the Company to reduce the issued and paid-up share capital of Leweko from RM120,874,202 comprising 241,748,404 ordinary shares of RM0.50 each to RM48,349,681 comprising 241,748,404 ordinary shares of RM0.20 each through the cancellation of RM0.30 from the existing par value of RM0.50 each;

AND THAT authority be and is hereby given to the Directors of the Company to do all such deeds, acts and things and execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to finalise, implement and give effect to the Proposed Par Value Reduction with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be in the best interests of the Company or as may be imposed or permitted by the relevant authorities".

SPECIAL RESOLUTION 2

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF LEWEKO ("PROPOSED AMENDMENTS")

"THAT, subject to the passing of Special Resolution 1 and Ordinary Resolution 3, the Memorandum and Articles of Association of the Company be amended by deleting Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association in their entirety and be substituted in place thereof, the following sentences:

Memorandum of Association

<u>Clause No.</u>	<u>Existing Provision</u>	<u>Revised Provision</u>
5	The capital of the Company is RM500,000,000.00 Malaysian Currency divided into 1,000,000,000 shares of 50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges conditions or restrictions as to dividends, capital voting or otherwise.	The capital of the Company is RM500,000,000.00 Malaysian Currency divided into 2,500,000,000 shares of 20 sen each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital voting or otherwise.

**LEWEKO RESOURCES BERHAD (568420-K)
EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF
THE COMPANY HELD ON THURSDAY, FEBRUARY 5, 2015 AT 10.00 A.M.**

Articles of Association

<u>Article No.</u>	<u>Existing Provision</u>	<u>Revised Provision</u>
3	The authorised capital of the Company as the date of the adoption of these Articles is Ringgit five hundred million (RM500,000,000) only divided into one billion (1,000,000,000) ordinary shares of fifty (50) sen each.	The authorised capital of the Company as amended is Ringgit five hundred million (RM500,000,000) only divided into two billion five hundred million (2,500,000,000) ordinary shares of 20 sen each.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all necessary documents with full power to make any modifications, variations and/or amendments in any manner as may be in the best interests of the Company or as may be required by the relevant authorities and to take all steps as they may deem necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments.”

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE BUSINESS OF LEWEKO AND ITS SUBSIDIARIES INTO PROPERTY DEVELOPMENT (“PROPOSED DIVERSIFICATION”)

“**THAT**, subject always to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant authorities (if any), approval be and is hereby given to the Company to diversify its operations into property development, which might reasonably be expected to result in –

- (a) the diversion of 25% or more of the net assets of the Company to an operation which differs widely from those operations previously carried on by the Company; or
- (b) the contribution from such an operation of 25% or more of the net profits of the Company,

pursuant to Paragraph 10.13 of the Main Market Listing Requirements of Bursa Securities;

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all necessary documents with full power to make any modifications, variations and/or amendments in any manner as may be in the best interests of the Company or as may be required by the relevant authorities and to take all steps as they may deem necessary and expedient in order to implement, finalise and give full effect to the Proposed Diversification”.

**LEWEKO RESOURCES BERHAD (568420-K)
EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF
THE COMPANY HELD ON THURSDAY, FEBRUARY 5, 2015 AT 10.00 A.M.**

ORDINARY RESOLUTION 2

PROPOSED JOINT VENTURE BETWEEN MAJU WEKO TIMBER INDUSTRIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LEWEKO, AND KAMPUNG KENAYAT SDN BHD TO JOINTLY DEVELOP THIRTY-EIGHT (38) PARCELS OF LEASEHOLD MIXED DEVELOPMENT LAND, MEASURING IN AGGREGATE 96,785 SQUARE METRES, ALL SITUATED IN THE MUKIM OF HULU KINTA, DISTRICT OF KINTA, STATE OF PERAK ("LAND") INTO A MIXED-USE DEVELOPMENT UNDER PHASE 1 TO PHASE 5 ("PROPOSED JOINT VENTURE")

"THAT, subject to the approval of all relevant authorities, approval is hereby be and is given to the Directors of Leweko to jointly develop the Land pursuant to the Proposed Joint Venture, subject to and upon such terms and conditions as set out in the Joint Venture Agreement dated 28 October 2014 entered into between Maju Weko Timber Industries Sdn Bhd and Kampung Kenayat Sdn Bhd, details of which are in the circular to the shareholders of Leweko dated 5 January 2015 ("Circular").

AND THAT the Directors of the Company be and are hereby empowered and authorised to do all such acts, deeds and things to execute, sign and deliver on behalf of the Company all such documents and enter into any arrangements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to implement, finalise and/or give full effect to the Proposed Joint Venture with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant authorities or deemed necessary by the Directors of the Company in the best interests of the Company."

ORDINARY RESOLUTION 3

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 161,165,602 NEW ORDINARY SHARES OF RM0.20 EACH IN LEWEKO ("RIGHTS SHARES") TOGETHER WITH UP TO 201,457,002 NEW FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) ORDINARY SHARES OF RM0.20 EACH HELD AFTER THE PROPOSED PAR VALUE REDUCTION ("LEWEKO SHARE(S)"), TOGETHER WITH FIVE (5) WARRANTS FOR EVERY FOUR (4) RIGHTS SHARES SUBSCRIBED ON AN ENTITLEMENT DATE AND AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT, subject to the passing of Special Resolutions 1 and 2, and subject further to the approval of all relevant authorities, including but not limited to the approval-in-principle being obtained from Bursa Securities for the listing of and quotation for all the Rights Shares and Warrants to be issued hereunder and all the new ordinary shares of RM0.20 each in Leweko to be issued arising from the exercise of the Warrants (whether in its original form or with or subject to any conditions, modifications, variations and/or amendments imposed by Bursa Securities), the approval be and is hereby given to the Directors of the Company to:

- (a) allot and issue by way of a renounceable rights issue of up to 161,165,602 Rights Shares, to the shareholders of Leweko whose names appear in the record of depositors as at the close of business on an entitlement date to be determined by the Directors and to be announced by the Company ("Entitled Shareholders") on the basis of two (2) Rights Shares for every three (3) Leweko Shares at an issue price to be determined later;

**LEWEKO RESOURCES BERHAD (568420-K)
EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF
THE COMPANY HELD ON THURSDAY, FEBRUARY 5, 2015 AT 10.00 A.M.**

- (b) allot and issue up to 201,457,002 Warrants to those Entitled Shareholders who have successfully applied for the Rights Shares on the basis of five (5) Warrants for every four (4) Rights Shares successfully subscribed;
- (c) allot and issue such number of additional Warrants pursuant to the adjustments under the Deed Poll and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions in the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed/ required/ permitted by Bursa Securities and any other relevant authorities or parties or otherwise; and
- (d) allot and issue such number of new Leweko Shares arising from the exercise of the Warrants during the tenure of the Warrants;

AND THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall be made available for excess applications by the Entitled Shareholders and/or their renounees(s) and such excess Rights Shares shall be allocated in a fair and equitable manner on a basis to be determined by the Directors of the Company in their absolute discretion and announced later by the Company;

AND THAT the Directors of the Company be and are hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Warrants in such manner and on such terms and conditions as the Directors of the Company in their absolute discretion as they may deem fit or think expedient and in the best interests of the Company;

AND THAT the Rights Shares and the new Leweko Shares to be issued pursuant to the exercise of the Warrants shall upon allotment, rank *pari passu* in all respects with the then existing issued and fully paid-up shares in the capital of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new Leweko Shares to be issued arising from the exercise of the Warrants respectively;

AND THAT the Rights Shares and Warrants and the new Leweko Shares to be issued pursuant to the exercise of the Warrants shall be listed on Bursa Securities;

AND THAT the Directors of the Company be and are hereby authorised to enter into and execute the deed poll constituting the Warrants ("Deed Poll") upon the principal terms set out in Section 2.4.6 of the Circular with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Directors of the Company, and, subject to all provisions and adjustments contained in the Deed Poll, to assent to any modification and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as a consequence of any adjustments under the provisions of the Deed Poll, with full powers to implement and give effect to the terms and conditions of the Deed Poll, and to take all steps as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

**LEWEKO RESOURCES BERHAD (568420-K)
EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF
THE COMPANY HELD ON THURSDAY, FEBRUARY 5, 2015 AT 10.00 A.M.**

AND THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Directors of the Company may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.”

CERTIFIED TRUE AND CORRECT



**ABD AZIZ BIN JANTAN
DIRECTOR**



**CHAN CHEE KHEONG
MAICSA NO. 0810287
SECRETARY**

Dated: February 5, 2015

FYK
Extract EGM Minutes

SALIENT TERMS OF THE WARRANTS

Terms	Details
Issue Size	: Up to 201,457,002 Warrants to subscribe for up to 201,457,002 new Leweko Shares to be issued to our Entitled Shareholders pursuant to the Rights Issue with Warrants.
Detachability	: The Warrants which are to be issued pursuant to the Rights Issue with Warrants are immediately detachable upon allotment and issuance of the Rights Shares. The Warrants will be traded separately.
Exercise Price	: The exercise price of the Warrants is RM0.20 per Warrant. The exercise price and the number of outstanding Warrants shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	: The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants until 5.00 p.m. on the expiry date. If such date is not a market day, then it shall be the next market day immediately after the said non-market day. The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse.
Mode of Exercise	: Our Warrant holders are required to lodge an exercise form with our Share Registrar, duly completed and signed together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank or post office operating in Malaysia.
Exercise Rights	: Each Warrant entitles the registered Warrant holder to subscribe for one (1) new Leweko Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of Transfer	: The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as the Board and Bursa Securities may approve.
Board Lot	: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Leweko Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Status of new Leweko Shares to be issued pursuant to the exercise of the Warrants	: All new Shares to be issued arising from the exercise of the Warrants shall, upon allotment, rank <i>pari passu</i> in all respects with our then existing Shares save and except that such new Shares will not entitle its holders to any dividends, rights, allotments, and/or other distributions which may be declared, made or paid to our Shareholders, the entitlement date of which is prior to the relevant date of allotment of the new Shares arising from the exercise of the Warrants.

Terms

Details

Rights of the Warrant holders	: The Warrant holders are not entitled to any voting rights or participation in any dividends, rights, allotments and/or other distributions in our Company until and unless such Warrant holders exercise their Warrants into new Leweko Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a member's voluntary winding up of our Company, or where there is a compromise or arrangement, then: <ul style="list-style-type: none"> (a) For the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding up, compromise or arrangement will be binding on all the Warrant holders; and (b) In any other case, every Warrant holder shall be entitled within six (6) weeks after the passing of such resolution for a member's voluntary winding-up of our Company or within six (6) weeks after the granting of the order by the High Court of Malaya approving the compromise or arrangement, by the irrevocable surrendering of his Warrants to our Company, exercise his Warrants and be treated as if he had exercised the Warrants immediately prior to the commencement of such winding up, compromise or arrangement and be entitled to receive out of the assets of our Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such action, and the liquidator of our Company will give effect to such election accordingly. If our Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.
Modification of rights of Warrant holder	: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Adjustments in the exercise price and/or number of Warrants	: The Exercise Price and/or the number of Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll.
Further Issues	: Subject to the provisions of the Deed Poll, our Company will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as our Company sees fit. Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by our Company in general meeting.
Listing	: The Warrants will be listed on the Main Market of Bursa Securities.
Governing Law	: Laws of Malaysia.

INFORMATION ON OUR COMPANY**1. HISTORY AND BUSINESS**

Leweko was incorporated in Malaysia as a private limited company under the name of Pacibay Corporation Sdn Bhd on 10 January 2002 and changed its name to Leweko Resources Sdn Bhd on 7 August 2002. On 15 August 2002, Leweko Resources Sdn Bhd was converted into a public company and assumed its present name. Leweko was listed on the then Second Board of the Kuala Lumpur Stock Exchange pursuant to a reverse take-over of Timbermaster Industries Bhd, on 31 December 2003. Leweko was subsequently transferred to the then Main Board of Bursa Securities (now known as the Main Market of Bursa Securities) on 18 January 2005.

The principal activities of our Company are investment holdings and providing management and corporate services whilst the principal activities of our subsidiaries and associated companies are disclosed in Section 5 below.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital is as follows:-

Type	No. of Shares	Par value RM	Total RM
Authorised	2,500,000,000	0.20	500,000,000.00
Issued and fully paid-up share capital	241,748,404	0.20	48,349,680.80

Changes in issued and paid-up share capital

The changes in our Company's issued and paid-up share capital for the last three (3) years are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
19.06.2015	-	0.20	Par Value Reduction	48,349,680.80

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ASSUMING ALL ENTITLED SHAREHOLDERS SUBSCRIBE FOR THEIR ENTITLEMENTS PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS

	As at the LPD			(I) After the Rights Issue with Warrants [#]			(II) After (I) and the full exercise of Warrants		
	Direct No. of Shares '000	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%
Dato' Haji Roshidi bin Haji Hashim	-	-	-	-	-	-	-	-	-
Dato' Leong Wei Kong	71,700	977*	29.66	119,501	1,628*	29.66	179,251	2,441*	29.66
Abd Aziz bin Jantan	51,048	-	21.12	85,079	-	21.12	127,619	-	21.12
Chiam Chiau Hiong	-	-	-	-	-	-	-	-	-
Seou Lim Khoon	300	-	0.12	500	-	0.12	750	-	0.12

Notes:

Based on the issuance of 161,165,602 Rights Shares together with 201,457,002 Warrants.

* Deemed interested by virtue of his spouse's direct interest in Leweko.

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4. SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders, the pro forma effects of the Rights Issue with Warrants on our Substantial Shareholders' Shareholdings are as set out in Section 8.6 of this Abridged Prospectus.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

Our subsidiaries and associate companies as at the LPD are as follows:-

Name	Date and place of incorporation	Issued and paid-up capital	Effective ownership %	Principal activities
<u>Subsidiaries</u>				
Maju Weko Timber Industries Sdn Bhd	7 May 1973 Malaysia	RM2,000	100.0	Logs trading, processing and manufacturing of sawn timber, moulded timber and other timber related products, the construction of houses, building and other related contract works
Dura Technology Sdn Bhd	19 January 2006 Malaysia	RM3,000,000	51.0	Manufacturing, construction and installation of precast concrete products
Tanah Damai Sdn Bhd	15 June 2011 Malaysia	RM2	100.0	Dormant
Bernam Indah Sdn Bhd	31 July 1991 Malaysia	RM500,002	100.0	Contractor for timber harvesting and logging infrastructure
<i>Held through Bernam Indah Sdn Bhd</i>				
Sepakat Slim Sdn Bhd	6 July 1989 Malaysia	RM2,000,000	100.0	Timber logging and property investment holding
Pautan Warisan Sdn Bhd	16 July 2012 Malaysia	RM500,000	100.0	Property development
<u>Associated companies</u>				
Syarikat Amiziz (M) Sdn Bhd	28 August 1981 Malaysia	RM13,100,002	45.4	Timber logging, trading and transportation
<i>Held through Syarikat Amiziz (M) Sdn Bhd</i>				
Indra Pusaka Sdn Bhd	27 December 1979 Malaysia	RM250,000	45.4	Property development
<i>Held through Indra Pusaka Sdn Bhd</i>				
Muda Inpira Sdn Bhd	30 November 2012 Malaysia	RM2	45.4	Property development

Name	Date and place of incorporation	Issued and paid-up capital	Effective ownership %	Principal activities
Debab Jaya Sdn Bhd	11 October 2012 Malaysia	RM2	45.4	Property development

6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the eighteen (18)-month FPE 30 June 2012, FYE 30 June 2013, FYE 30 June 2014, the unaudited nine (9)-month FPE 31 March 2014 and the unaudited nine (9)-month FPE 31 March 2015 are as follows:

	Audited 18-month FPE 30 June 2012 (RM'000)	Audited ←---FYE 30 June---→ 2013 2014 (RM'000) (RM'000)		Unaudited 9-month ←---FPE 31 March---→ 2014 2015 (RM'000) (RM'000)	
Revenue	39,999	26,311	23,751	19,628	24,919
Investment revenue	3,134	3,939	3,972	2,484	2,957
Gross profit	(18,598)	1,944	3,572	2,995	5,706
Gross profit margin (%)	(46.5)	7.4	15.0	15.3	22.9
Profit/(Loss) before taxation	(59,170)	(835)	(2,032)	954	3,028
<i>Add:</i>					
Finance costs	1,532	1,282	1,141	708	816
Depreciation and amortisation	11,305	7,060	3,154	2,683	1,374
<i>Less:</i>					
Interest income	35	1	8	6	-
Earnings/(losses) before depreciation, amortisation, interest and taxation	(46,368)	7,506	2,255	4,339	5,218
Other gains / (losses)*	(8,153)	58	(2,847)	97	13
Other income^	39	60	56	20	39
Tax income/(expense)	4,328	1,503	144	331	(286)
Profit/(losses) after taxation from continuing operations for the financial year	(54,841)	668	(1,887)	1,285	2,742
Net loss from discontinued operations	(7,006)	-	-	-	-
Net profit/(losses) and total comprehensive income/(loss) for the financial year	(61,847)	668	(1,887)	1,285	2,742
Non-controlling interests	(3,717)	192	586	354	1,384
Profit/(losses) after taxation attributable to equity holders of parent	(58,130)	476	(2,473)	931	1,358

	Audited 18- month FPE 30 June 2012 (RM'000)	Audited ←---FYE 30 June---→ 2013 2014 (RM'000) (RM'000)		Unaudited 9-month ←---FPE 31 March---→ 2014 2015 (RM'000) (RM'000)	
Number of ordinary shares in issue (net of treasury shares) ('000)	241,748	241,748	241,748	241,748	241,748
Share of profits/(losses) from associate companies	-	-	-	-	-
Basic earnings/(loss) per Share (sen)					
Continuing operations	(22.47)	0.20	(1.02)	0.39	0.56
Discontinued operations	(1.58)	-	-	-	-
Diluted earnings/(loss) per Share (sen)					
Continuing operations	(22.47)	0.20	(1.02)	0.39	0.56
Discontinued operations	(1.58)	-	-	-	-

Notes:

- # As per audited consolidated financial statements.
- * Refers to gain on disposal of property, plant and equipment; realised/unrealised gains/loss on foreign exchange and fair value adjustments on reassessment of financial asset.
- ^ Refers to other operating income.

Commentary on our financial performance

Audited 18-month FPE 30 June 2012

Our Group recorded a revenue and loss after taxation of approximately RM40.0 million and RM54.8 million from continuing operations for the eighteen (18)-month FPE 30 June 2012, a decline of approximately 29.3% and 42.6% respectively, from the corresponding FYE 30 June 2010 (on a proportionate year-on-year basis). The reduction in revenue and loss after taxation recorded by our Group was largely attributed to the reduction in revenue from our logs trading, sawn and moulded timber division and high start-up costs incurred in our precast concrete division.

Our logs trading, sawn and moulded timber division recorded a decrease in revenue of approximately 36.7% and an increase in operating loss of approximately 19.6% (on a proportionate year-on-year basis) in comparison to the previous corresponding FYE 31 December 2010. The reduced revenue was due to lower demand from European countries which constituted a major proportion of importers of tropical wood. Under-utilisation of production capacity as a result of lower demand for tropical wood resulted in increased production cost per unit. The increased production costs coupled with the higher amortisation rate and recognition of impairment loss* of RM18.9 million on our timber concession during the eighteen (18)-month FPE 30 June 2012 were largely attributed to the increase in operating loss and the loss after taxation in the division during the eighteen (18)-month FPE 30 June 2012.

- * Our Group reviews the carrying amount of our timber concession at the end of each reporting period. The recognition of impairment loss of RM18.9 million was due to the recoverable amount of timber concession was estimated to be less than its carrying amount.

Our precast concrete division which was acquired on 2 November 2010, recorded a revenue of RM4.2 million and an operating loss of approximately RM1.2 million due to high start-up costs incurred during the eighteen (18)-month FPE 30 June 2012.

Audited FYE 30 June 2013

Our Group recorded revenue of approximately RM26.3 million and a profit after taxation of approximately RM0.7 million from our continuing operations for the FYE 30 June 2013. The slight decline in revenue of approximately 1.3% from the corresponding previous financial period (on a proportionate year-on-year basis) was due to the weaker performance of our logs trading, sawn and moulded timber division despite the improved performance in our precast concrete division. The improved profit after taxation recorded was largely attributed to the improvement in our precast concrete division and the non-recurring impairment loss of RM18.9 million on our timber concession recognised in the eighteen (18)-month FPE 30 June 2012.

Our logs trading, sawn and moulded timber division recorded a decrease in revenue by approximately 17.0% and a decrease in operating loss of approximately 96.2% respectively from the corresponding previous financial period (on a proportionate year-on-year basis). The reduction in revenue was due to sluggish demand of tropical timber in European countries and lower production output while the improvement in operating losses were attributed to the recognition of non-recurring impairment loss on our timber concession in the corresponding previous financial period.

Our precast concrete division recorded an increase in revenue of approximately 131.9% and operating profit of approximately 152.5% from the corresponding previous financial period (on a proportionate year-on-year basis). The improved performance of our precast concrete division was largely due to the encouraging response from the local market for our products and higher work done achieved attributable to the increase in production and installation of precast concrete use in the construction of bridges for the FYE 30 June 2013 as compared to the eighteen (18)-month FPE 30 June 2012.

Our property development division, established on 18 September 2012, did not contribute to the revenue of our Group and recorded an operating loss of RM15,748 in the FYE 30 June 2013 due to pre-development expenses.

Audited FYE 30 June 2014

Our Group recorded a revenue and loss after taxation of approximately RM23.8 million and RM1.9 million respectively for the FYE 30 June 2014. The decline in revenue of approximately 9.7% from the previous corresponding financial year was due to the continuing weaker performance of our logs trading, sawn and moulded timber division. The loss after taxation recorded was largely attributed to the loss incurred in our logs trading, sawn and moulded timber division and the impairment loss arising from fair value adjustment on reassessment of the amount owing by our associate company and advances for logs purchase amounting to approximately RM1.8 million and RM1.1 million respectively. The fair value adjustment on reassessment of the amount owing by our associate company and advances for logs purchase were due to the re-scheduling of the repayment terms by our associate company and advances paid to forest concession holders.

Our logs trading, sawn and moulded timber division's revenue recorded a decrease of 52.8% from the previous financial year due to lower logging trading activity, arising from the delay in obtaining logging permits* from the relevant authorities, which resulted in the division recording an increase in operating loss by 34.0% from the previous financial year.

* Our Group sources our supply of logs for trading from concession holders. The delay by the concession holders in obtaining logging permits had resulted in our Group's lower logging trading activity.

Our precast concrete division recorded an increase in revenue of approximately 85.3% to approximately RM12.1 million and operating profit of approximately 196.0% to approximately RM1.21 million from the previous financial year. The positive result of our precast concrete division was largely attributed to higher work done attributable to the increase in production and installation of precast concrete use in the construction of bridges in the FYE 30 June 2014 in comparison to the previous financial year.

Our property development division registered revenue of approximately RM2.3 million and operating profit of approximately RM0.8 million for the FYE 30 June 2014 due to higher work done in our property development project comprising one hundred and thirty four (134) units of shop offices and a hypermarket known as Pusat Bandar Ampang in Ipoh ("Ampang Project"), which commenced in February 2014 and achieved 19.5% of work completed as at 30 June 2014.

Unaudited nine (9)-month FPE 31 March 2015

Our Group recorded a revenue and profit after taxation of approximately RM24.9 million and RM2.7 million respectively for the cumulative nine (9)-month FPE 31 March 2015 as compared to a revenue of RM19.6 million and profit after taxation of RM1.3 million in the corresponding period of the preceding year. The increase in our revenue was mainly due to the improved performance in our precast concrete and property development divisions.

Our logs trading, sawn and moulded timber division recorded a further decrease in revenue of approximately 50.5% and an increase in operating loss of approximately 1286.1% from the corresponding previous financial period. The reduced revenue was due to lower logs trading activities in the financial period, resulting in the increase in operating loss.

Our precast concrete division recorded an increase in revenue and operating profit of approximately 49.6% and 305.9%, respectively from the corresponding previous financial period. The positive result of our precast concrete division was largely attributed to higher work done attributable to the increase in production and installation of precast concrete use in the construction of bridges in comparison to the previous corresponding financial period.

Our property development division registered an increase in revenue and operating profit of approximately 241.1% and 332.9%, respectively from the corresponding previous financial period. The increase in revenue and operating profit was largely due to higher work done in our Ampang Project, which achieved 58.3% of work completed as at 31 March 2015.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of ordinary shares of Leweko as traded on Bursa Securities for the past twelve (12) months are as follows:

	High (RM)	Low (RM)
2014		
August	0.275	0.220
September	0.240	0.210
October	0.215	0.155
November	0.200	0.165
December	0.165	0.125
2015		
January	0.170	0.135
February	0.190	0.155
March	0.215	0.170
April	0.205	0.170
May	0.180	0.145

	High (RM)	Low (RM)
June	0.175	0.150
July	0.200	0.150

The last transacted price of ordinary shares of Leweko on 28 October 2014, being the Market Day immediately prior to the date of the announcement of the Proposals on 29 October 2014, was RM0.195 per ordinary share of Leweko.

The last transacted price of our Shares on 12 August 2015, being the day prior to the ex-date of the Rights Issue with Warrants was RM0.140 per Share. The last transacted price of our Shares as at the LPD was RM0.190 per Share.

(Source: Bursa Securities)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

Deloitte.

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Chartered Accountants
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INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF LEWEKO RESOURCES BERHAD

Report on the Compilation of Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Leweko Resources Berhad ("Leweko") prepared by the Directors of Leweko. The pro forma financial information consists of the pro forma consolidated statements of financial position as of June 30, 2014 and related notes as set out in the accompanying Appendix I and stamped by us for the purpose of identification. The applicable criteria on the basis of which the Directors of Leweko have compiled the pro forma consolidated statements of financial position are described in Note 3 of the pro forma financial information.

The pro forma financial information has been prepared for inclusion in the Abridged Prospectus to be dated August 17, 2015 in connection with the renounceable rights issue of up to 161,165,602 ordinary shares of RM0.20 each in Leweko ("Rights Share(s)") together with up to 201,457,002 free detachable warrants ("Warrant(s)") on the basis of two (2) Rights Shares for every three (3) ordinary shares of RM0.20 each in Leweko ("Leweko Shares"), together with five (5) Warrants for every four (4) Rights Shares subscribed at 5.00 p.m. on August 17, 2015 ("Entitlement Date") at an issue price of RM0.20 per Rights Share ("Rights Issue with Warrants") payable in full upon acceptance.

The pro forma financial information as of June 30, 2014 has been compiled by the Directors of Leweko to illustrate the impact of the Rights Issue with Warrants had the Rights Issue with Warrants been effected on that date. As part of this process, information about the consolidated financial position of Leweko and its subsidiaries ("Leweko Group") has been extracted by the Directors of Leweko from the consolidated financial statements of Leweko Group for the year ended June 30, 2014, on which an audit report has been published.

Director's Responsibility for the Pro Forma Financial Information

The Directors of Leweko are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

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Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Directors of Leweko on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysia Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of Leweko have compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issues.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of Leweko in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effects to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of Leweko, the event or transaction in respect of which the pro forma financial information have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled on the basis stated.

Other Matters

This report is been issued for the sole purpose of inclusion in the Abridged Prospectus to be dated August 17, 2015 in connection with the Rights Issue with Warrants. This letter is not to be used, circulated, quoted or otherwise referred to, for any other purpose nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any document other than the Abridged Prospectus in connection with the Rights Issue with Warrants. We accept no duty of responsibility to and deny any liability to any party in respect of any used of, or reliance upon, this report in connection with any transaction other than the Rights Issue with Warrants.



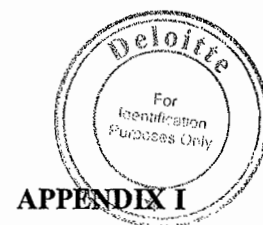
DELOITTE
AF 0080
Chartered Accountants



LIM KENG PAO
Partner - 2939/01/16 (J)
Chartered Accountant

July 27, 2015

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**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014**

1. Basis of Preparation

The pro forma financial information consists of the pro forma consolidated statements of financial position of Leweko Resources Berhad (“Leweko”) and its subsidiaries (“Leweko Group”) as of June 30, 2014 and related notes therein.

The pro forma financial information of Leweko have been compiled, for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of Leweko for the year ended June 30, 2014, which were prepared in accordance with Financial Reporting Standards (“FRS”) and the Companies Act, 1965 (“the Act”) in Malaysia, had the Rights Issue with Warrants described in Note 2 been taken place on that date, and should be read in conjunction with the notes thereto.

The accounting policies, basis and assumptions used in the compilation of the pro forma financial information and the format of the consolidated statements of financial position are consistent with those adopted by Leweko Group in the preparation of their audited financial statements for the year ended June 30, 2014.

2. Details of Rights Issue with Warrants

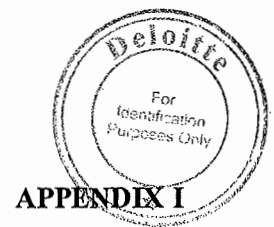
The Rights Issue with Warrants entails a renounceable rights issue of up to 161,165,602 ordinary shares of RM0.20 each in Leweko (“Rights Share(s)”) together with up to 201,457,002 free detachable warrants (“Warrant(s)”) on the basis of two (2) Rights Shares for every three (3) ordinary share of RM0.20 each in Leweko (“Leweko Shares”), together with five (5) Warrants for every four (4) Rights Shares subscribed at an issue price of RM0.20 per Rights Share payable in full upon acceptance.

3. Pro Forma Effects on the Consolidated Statements of Financial Position as of June 30, 2014

The pro forma consolidated statements of financial position are for illustrative purposes only and to incorporate the following transactions as though they have been taken place on June 30, 2014 based on the following scenario:

Minimum Scenario: Assuming none of the entitled shareholders subscribe for their entitlements and only Dato’ Leong Wai Kong and his connected party and Abd Aziz bin Jantan (“the Undertaking Shareholders”). Collectively, subscribe for an aggregate of 60,682,782 Right Shares with 75,853,477 Warrants.

Maximum Scenario: Assuming all entitled shareholders subscribe in full for their entitlements pursuant to the Rights Issue with Warrants.



**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

Minimum Scenario

	Audited as of 30.06.2014 RM	[Pro Forma I] After Par Value Reduction RM	[Pro Forma II] After Pro Forma I and Rights Issue with Warrants RM	[Pro Forma III] After Pro Forma II and exercise of Warrants RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	17,317,100	17,317,100	17,317,100	17,317,100
Land held for property development	4,694,798	4,694,798	4,694,798	4,694,798
Investment properties	10,130,533	10,130,533	10,130,533	10,130,533
Goodwill	4,535,000	4,535,000	4,535,000	4,535,000
Other intangible assets	2,632,269	2,632,269	2,632,269	2,632,269
Investment in unquoted preference shares	5,000,000	5,000,000	5,000,000	5,000,000
Investment in an associate	-	-	-	-
Timber concessions	598,603	598,603	598,603	598,603
Advances for log purchases	17,986,132	17,986,132	17,986,132	17,986,132
Amount owing by an associate	27,708,045	27,708,045	27,708,045	27,708,045
Deferred tax assets	4,253,000	4,253,000	4,253,000	4,253,000
Total non-current assets	94,855,480	94,855,480	94,855,480	94,855,480
Current Assets				
Inventories	5,951,316	5,951,316	6,951,316	6,951,316
Property development projects	5,871,860	5,871,860	5,871,860	5,871,860
Trade and other receivables	12,828,378	12,828,378	12,828,378	12,828,378
Amount owing by an associate	5,553,517	5,553,517	5,553,517	5,553,517
Current tax assets	14,730	14,730	14,730	14,730
Other assets	1,501,874	1,501,874	11,501,874	11,501,874
Fixed deposits, cash and bank balances	3,510,978	3,510,978	3,510,978	18,681,673
Total current assets	35,232,653	35,232,653	46,232,653	61,403,348
Total assets	130,088,133	130,088,133	141,088,133	156,258,828

(Forward)



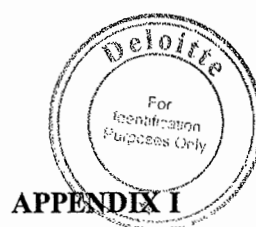
Minimum Scenario - continued

	Audited as of 30.06.2014 RM	[Pro Forma I] After Par Value Reduction RM	[Pro Forma II] After Pro Forma I and Rights Issue with Warrants RM	[Pro Forma III] After Pro Forma II and exercise of Warrants RM
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	120,874,202	48,349,681	60,486,237	75,656,932
Share premium	4,764,094	4,764,094	4,764,094	4,764,094
Discount on shares	-	-	(6,068,278)	-
Warrants reserve	-	-	6,068,278	-
Accumulated loss	(28,811,335)	43,713,186	43,013,186	43,013,186
Equity attributable to owners of the Company	96,826,961	96,826,961	108,263,517	123,434,212
Non-controlling interests	148,161	148,161	148,161	148,161
Total equity	96,975,122	96,975,122	108,411,678	123,582,373
Non-Current Liabilities				
Hire-purchase payables	512,294	512,294	512,294	512,294
Borrowings	5,432,392	5,432,392	5,432,392	5,432,392
Deferred tax liabilities	4,744,651	4,744,651	4,744,651	4,744,651
Total non-current liabilities	10,689,337	10,689,337	10,689,337	10,689,337
Current Liabilities				
Trade and other payables	4,296,449	4,296,449	3,859,893	3,859,893
Hire-purchase payables	190,162	190,162	190,162	190,162
Borrowings	15,128,605	15,128,605	15,128,605	15,128,605
Current tax liabilities	190,000	190,000	190,000	190,000
Advance billing	1,848,259	1,848,259	1,848,259	1,848,259
Other liabilities	770,199	770,199	770,199	770,199
Total current liabilities	22,423,674	22,423,674	21,987,118	21,987,118
Total liabilities	33,113,011	33,113,011	32,676,455	32,676,455
Total equity and liabilities	130,088,133	130,088,133	141,088,133	156,258,828
Number of ordinary shares	241,748,404	241,748,404	302,431,186	378,284,663
Net assets per ordinary shares (RM) ⁽¹⁾	0.40	0.40	0.36	0.33
Par value per ordinary shares (RM)	0.50	0.20	0.20	0.20
Total borrowings (RM) ⁽²⁾	21,263,453	21,263,453	21,263,453	21,263,453
Gearing (times) ⁽³⁾	0.22	0.22	0.20	0.17

(1) Net assets is defined as equity attributable to owners of the Company

(2) Total borrowings is defined as the total of hire-purchase payables and borrowings

(3) Gearing ratio is calculated on total borrowings divided by net assets



**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

Maximum Scenario

	Audited as of 30.06.2014 RM	[Pro Forma I] After Par Value Reduction RM	[Pro Forma II] After Pro Forma I and Rights Issue with Warrants RM	[Pro Forma III] After Pro Forma II and exercise of Warrants RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	17,317,100	17,317,100	17,317,100	17,317,100
Land held for property development	4,694,798	4,694,798	4,694,798	4,694,798
Investment properties	10,130,533	10,130,533	10,130,533	10,130,533
Goodwill	4,535,000	4,535,000	4,535,000	4,535,000
Other intangible assets	2,632,269	2,632,269	2,632,269	2,632,269
Investment in unquoted preference shares	5,000,000	5,000,000	5,000,000	5,000,000
Investment in an associate	-	-	-	-
Timber concessions	598,603	598,603	598,603	598,603
Advances for log purchases	17,986,132	17,986,132	17,986,132	17,986,132
Amount owing by an associate	27,708,045	27,708,045	27,708,045	27,708,045
Deferred tax assets	4,253,000	4,253,000	4,253,000	4,253,000
Total non-current assets	94,855,480	94,855,480	94,855,480	94,855,480
Current Assets				
Inventories	5,951,316	5,951,316	11,951,316	11,951,316
Property development projects	5,871,860	5,871,860	5,871,860	5,871,860
Trade and other receivables	12,828,378	12,828,378	12,828,378	12,828,378
Amount owing by an associate	5,553,517	5,553,517	5,553,517	5,553,517
Current tax assets	14,730	14,730	14,730	14,730
Other assets	1,501,874	1,501,874	16,501,874	16,501,874
Fixed deposits, cash and bank balances	3,510,978	3,510,978	3,510,978	43,802,378
Total current assets	35,232,653	35,232,653	56,232,653	96,524,053
Total assets	130,088,133	130,088,133	151,088,133	191,379,533

(Forward)



Maximum Scenario - continued

	Audited as of 30.06.2014 RM	[Pro Forma I] After Par Value Reduction RM	[Pro Forma II] After Pro Forma I and Rights Issue with Warrants RM	[Pro Forma III] After Pro Forma II and exercise of Warrants RM
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	120,874,202	48,349,681	80,582,801	120,874,201
Share premium	4,764,094	4,764,094	4,764,094	4,764,094
Discount on shares	-	-	(16,116,560)	-
Warrants reserve	-	-	16,116,560	-
Accumulated loss	(28,811,335)	43,713,186	43,013,186	43,013,186
Equity attributable to owners of the Company	96,826,961	96,826,961	128,360,081	168,651,481
Non-controlling interests	148,161	148,161	148,161	148,161
Total equity	96,975,122	96,975,122	128,508,242	168,799,642
Non-Current Liabilities				
Hire-purchase payables	512,294	512,294	512,294	512,294
Borrowings	5,432,392	5,432,392	5,432,392	5,432,392
Deferred tax liabilities	4,744,651	4,744,651	4,744,651	4,744,651
Total non-current liabilities	10,689,337	10,689,337	10,689,337	10,689,337
Current Liabilities				
Trade and other payables	4,296,449	4,296,449	3,763,329	3,763,329
Hire-purchase payables	190,162	190,162	190,162	190,162
Borrowings	15,128,605	15,128,605	5,128,605	5,128,605
Current tax liabilities	190,000	190,000	190,000	190,000
Advance billing	1,848,259	1,848,259	1,848,259	1,848,259
Other liabilities	770,199	770,199	770,199	770,199
Total current liabilities	22,423,674	22,423,674	11,890,554	11,890,554
Total liabilities	33,113,011	33,113,011	22,579,891	22,579,891
Total equity and liabilities	130,088,133	130,088,133	151,088,133	191,379,533
Number of ordinary shares	241,748,404	241,748,404	402,914,006	604,371,008
Net assets per ordinary shares (RM) ⁽¹⁾	0.40	0.40	0.32	0.28
Par value per ordinary shares (RM)	0.50	0.20	0.20	0.20
Total borrowings (RM) ⁽²⁾	21,263,453	21,263,453	11,263,453	11,263,453
Gearing (times) ⁽³⁾	0.22	0.22	0.09	0.07

(1) Net assets is defined as equity attributable to owners of the Company

(2) Total borrowings is defined as the total of hire-purchase payables and borrowings

(3) Gearing ratio is calculated on total borrowings divided by net assets



APPENDIX I

**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

3.1 Pro Forma I

Minimum and maximum scenario

On June 19, 2015, a sealed order of High Court of Malaya confirming the reduction in par value from RM0.50 to RM0.20 has been lodged with the Companies Commission of Malaysia, upon which, the said reduction in par value (“Par Value Reduction”) had been effected on the same date.

Pro Forma I incorporates the effects of the Par Value Reduction whereby the issued and paid-up share capital is reduced from RM120,874,202 to RM48,349,681 via the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each in Leweko. The amount of RM72,524,521 arising from the reduction of the par value of existing ordinary shares is credited to the retained earnings of the Company which shall include but not limited to be distributed and/ or set-off any future losses by the Company in the manner to be determined by the Board at a later date.

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Rights Issue with Warrants.

Minimum scenario

The Rights Issue with Warrants is intended to be undertaken on a minimum subscription basis based on the irrevocable written undertakings by the Undertaking Shareholders to subscribe for an aggregate of 60,682,782 Rights Shares with 75,853,477 Warrants under the minimum scenario at an indicative issue price of RM0.20 per Right Shares with the fair value of the Warrant estimated to be at RM0.08 each. This will raise cash proceeds of RM12,136,556 which will be utilised as follows:

	RM
Partial funding of the Security Deposits pursuant to the Joint Venture ^{Note 1}	10,000,000
Working capital - purchase of raw materials for timber and precast concrete business	1,000,000
Working capital - payment to subcontractors engaged for existing property development project comprising one hundred and thirty four (134) units of shop offices and a hypermarket known as Pusat Bandar Ampang in Ipoh	436,556
Estimated expenses for corporate exercise	700,000
	<u>12,136,556</u>

^{Note 1} The Joint Venture between Maju Weko Timber Industries Sdn. Bhd. (“MWTI”), a wholly-owned subsidiary of Leweko, and Kampung Kenayat Sdn. Bhd. (“the Proprietor”) (“the Joint Venture”) to jointly develop thirty-eight (38) parcels of leasehold mixed development land, measuring in aggregate 96,785 square metres, all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan into a mixed-use development under Phase I to Phase 5. Under the Joint Venture, a sum of RM15.0 million in cash shall be paid to the Proprietor as security deposits (“Security Deposits”). The Security Deposits shall be deducted from the agreed returns payable by MWTI to the Proprietor for each of the phase of the mixed-use development.



**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

Maximum scenario

The renounceable rights issue of up to 161,165,602 new Rights Shares together with up to 201,457,002 Warrants at an indicative issue price of RM0.20 per Right Shares with the fair value of the Warrant estimated to be at RM0.08 each. This will raise cash proceeds of RM32,233,120 which will be utilised as follows:

	RM
Full funding of the Security Deposits pursuant to the Joint Venture	15,000,000
Working capital - repayment of bank borrowings	10,000,000
Working capital - purchase of raw materials for timber and precast concrete business	6,000,000
Working capital – payment to subcontractors engaged for existing property development project comprising one hundred and thirty four (134) units of shop offices and a hypermarket known as Pusat Bandar Ampang in Ipoh	533,120
Estimated expenses for corporate exercise	700,000
	<u>32,233,120</u>

Minimum and maximum scenario

The estimated expenses of RM700,000 to be incurred for the corporate exercises are to be charged to profit or loss.

The theoretical fair value of RM0.08 per Warrant is determined using the trinomial valuation model. The fair value of RM0.08 per Warrant is estimated based on the following assumptions:

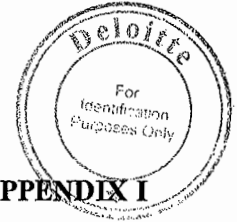
(i) 5DVWAP of Shares	RM0.1563 per Share
(ii) Indicative exercise price	RM0.20 per Warrant
(iii) Tenure	Five (5) years
(iv) Risk free interest rate	3.616%
(v) Volatility	63.535%

3.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the exercise of Warrants.

Minimum scenario

The assumed full exercise of 75,853,477 Warrants at the indicative exercise price of RM0.20 per Warrants into 75,853,477 Leweko Shares, which will raise cash proceeds of RM15,170,695. The funds raised, as and when the Warrants are exercised, are proposed to be utilised for the working capital requirements of our Group, which include operating expenses and/or finance costs. The proceeds to be utilised for each component of working capital and its timeframes are subject to our Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.



**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

Maximum scenario

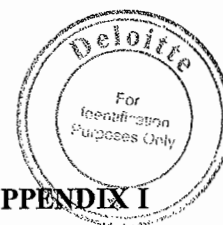
The assumed full exercise of 201,457,002 Warrants at the indicative exercise price of RM0.20 per Warrants into 201,457,002 Leweko Shares, which will raise cash proceeds of RM40,291,400. The funds raised, as and when the Warrants are exercised, are proposed to be utilised for the working capital requirements of our Group, which include operating expenses and/or finance costs. The proceeds to be utilised for each component of working capital and its timeframes are subject to our Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

3.4 Fixed deposits, cash and bank balances

	Minimum scenario RM	Maximum scenario RM
Audited as of June 30, 2014/ As per Pro Forma I	3,510,978	3,510,978
Adjustment for Pro Forma II:		
Proceeds arising from the Rights Issue with Warrants	<u>12,136,556</u>	<u>32,233,120</u>
	15,647,534	35,744,098
Utilised for:		
Funding of the Security Deposits pursuant to the Joint Venture	(10,000,000)	(15,000,000)
Repayment of bank borrowings	-	(10,000,000)
Purchase of raw materials for timber and precast concrete business	(1,000,000)	(6,000,000)
Payment of existing subcontractors	(436,556)	(533,120)
Payment of estimated expenses for corporate Exercises	<u>(700,000)</u>	<u>(700,000)</u>
As per Pro Forma II	3,510,978	3,510,978
Adjustment for Pro Forma II:		
Proceeds arising from exercise of Warrants	<u>15,170,695</u>	<u>40,291,400</u>
As per Pro Forma III	<u>18,681,673</u>	<u>43,802,378</u>

3.5 Inventories

	Minimum scenario RM	Maximum scenario RM
Audited as of June 30, 2014/ As per Pro Forma I	5,951,316	5,951,316
Adjustment for Pro Forma II:		
Utilisation of proceeds arising from the Rights Issue with Warrants for the purchase of raw materials	<u>1,000,000</u>	<u>6,000,000</u>
As per Pro Forma II/ As per Pro Forma III	<u>6,951,316</u>	<u>11,951,316</u>



**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

3.6 Other Assets

	Minimum scenario RM	Maximum scenario RM
Audited as of June 30, 2014/ As per Pro Forma I	1,501,874	1,501,874
Adjustment for Pro Forma II: Utilisation of proceeds arising from the Rights Issue with Warrants for funding of the Security Deposits pursuant to the Joint Venture	<u>10,000,000</u>	<u>15,000,000</u>
As per Pro Forma II/ Pro Forma III	<u>11,501,874</u>	<u>16,501,874</u>

3.7 Trade and other payables

	Minimum scenario RM	Maximum scenario RM
Audited as of June 30, 2014/ As per Pro Forma I	4,296,449	4,296,449
Adjustment for Pro Forma II: Utilisation of proceeds arising from the Rights Issue Warrants for payment of subcontractors	<u>(436,556)</u>	<u>(533,120)</u>
As per Pro Forma II/ Pro Forma III	<u>3,859,893</u>	<u>3,763,329</u>

3.8 Borrowings – current portion

	Minimum scenario RM	Maximum scenario RM
Audited as of June 30, 2014/ As per Pro Forma I	15,128,605	15,128,605
Adjustment for Pro Forma II: Utilisation of proceeds arising from the Rights Issue Warrants for repayment of borrowings	<u>-</u>	<u>(10,000,000)</u>
As per Pro Forma II/ Pro Forma III	<u>15,128,605</u>	<u>5,128,605</u>



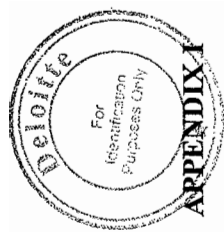
**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

3.9 Share Capital, Share Premium and Other Reserves

Minimum scenario

	Share capital RM	Share premium RM	Discount on shares RM	Warrants reserve RM	(Accumulated loss)/ Retained earnings RM	Total RM
Audited as of 30 June 2014	120,874,202	4,764,094	-	-	(28,811,335)	96,826,961
Adjustments for Pro Forma I: Amount reduced under Par Value Reduction	(72,524,521)	-	-	-	72,524,521	-
As per Pro Forma I	48,349,681	4,764,094	-	-	43,713,186	96,826,961
Adjustments for Pro Forma II: Rights issue with Warrants Estimated expenses to be incurred in relation to the Rights Issue with Warrants	12,136,556	-	(6,068,278)	6,068,278	-	12,136,556
As per Pro Forma II	60,486,237	4,764,094	(6,068,278)	6,068,278	(700,000)	108,263,517
Adjustments for Pro Forma III: Exercise of Warrants	15,170,695	-	6,068,278	(6,068,278)	-	15,170,695
As per Pro Forma III	75,656,932	4,764,094	-	-	43,013,186	123,434,212

(Forward)



**LEWEKO RESOURCES BERHAD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL INFORMATION
AS OF JUNE 30, 2014 (CONTINUED)**

3.9 Share Capital, Share Premium and Other Reserves (continued)

Maximum scenario

	Share capital RM	Share premium RM	Discount on shares RM	Warrants reserve RM	(Accumulated loss)/ Retained earnings RM	Total RM
Audited as of 30 June 2014	120,874,202	4,764,094	-	-	(28,811,335)	96,826,961
Adjustments for Pro Forma I: Amount reduced under Par Value Reduction	<u>(72,524,521)</u>	-	-	-	72,524,521	-
As per Pro Forma I	48,349,681	4,764,094	-	-	43,713,186	96,826,961
Adjustments for Pro Forma II: Rights issue with Warrants Estimated expenses to be incurred in relation to the Rights Issue with Warrants	32,233,120	-	(16,116,560)	16,116,560	-	32,233,120
As per Pro Forma II	80,582,801	4,764,094	(16,116,560)	16,116,560	(700,000)	128,360,081
Adjustments for Pro Forma III: Exercise of Warrants	40,291,400	-	16,116,560	(16,116,560)	-	40,291,400
As per Pro Forma III	<u>120,874,201</u>	<u>4,764,094</u>	-	-	<u>43,013,186</u>	<u>168,651,481</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2014

LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The directors of **LEWEKO RESOURCES BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended June 30, 2014.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and a provider of management and corporate services.

The principal activities of the subsidiaries are disclosed in Note 20 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss for the year	<u>(1,887,481)</u>	<u>(859,079)</u>
Loss attributable to:		
Owners of the Company	(2,473,446)	(859,079)
Non-controlling interests	<u>585,965</u>	<u>-</u>
	<u>(1,887,481)</u>	<u>(859,079)</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 42 to the financial statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Seri Haji Mohamed Pakri @ Mohamed Nazri bin Haji Abdul Rahim (Chairman)

Dato' Leong Wei Kong (Managing Director)

Abd Aziz bin Jantan

Tuan Haji Othman bin Haji Sulaiman

Seou Lim Khoon

Dato' Haji Roshidi Bin Haji Hashim (appointed on May 2, 2014)

In accordance with Article 80 of the Company's Articles of Association, Encik Abd Aziz bin Jantan retires by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-election.

Dato' Haji Roshidi Bin Haji Hashim who was appointed to the Board since the last Annual General Meeting, retires under Article 87 of the Company's Articles of Association and, being eligible, offers himself for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Dato' Seri Haji Mohamed Pakri @ Mohamed Nazri bin Haji Abdul Rahim and Tuan Haji Othman bin Haji Sulaiman retire and a resolution will be proposed for their re-appointment as directors under the provision of Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the following Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The shareholdings in the Company and in the related companies of those were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	No. of ordinary shares of RM0.50 each			Balance as of 30.6.2014
	Balance as of 1.7.2013	Bought	Sold	
Direct interest				
Dato' Leong Wei Kong	71,700,310	-	-	71,700,310
Abd Aziz bin Jantan	51,047,674	-	-	51,047,674
Indirect interest				
Dato' Leong Wei Kong	976,500	-	-	976,500
Seou Lim Khoon	-	300,000	-	300,000

Dato' Leong Wei Kong and Encik Abd Aziz bin Jantan, by virtue of their interests in the shares of the Company, are deemed to have an interest in the shares of all subsidiaries to the extent that the Company has interest during the financial year.

Other than the above, none of other directors in office at the end of the financial year had any interest in the shares of the Company and its subsidiaries during the financial year.

DIRECTORS' BENEFITS


Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 28 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,



DATO' SERI HAJI MOHAMED PAKRI @
MOHAMED NAZRI BIN HAJI ABDUL RAHIM



ABD AZIZ BIN JANTAN

Ipoh, Perak Darul Ridzuan

28 OCT 2014



Deloitte (AF 0080)
Chartered Accountants
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30450 Ipoh, Perak,
Malaysia.

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Fax: +605 241 5392, 253 0090
www.deloitte.com/my

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LEWEKO RESOURCES BERHAD**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Leweko Resources Berhad, which comprise the statements of financial position of the Group and of the Company as of June 30, 2014 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 77.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of June 30, 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;
- (b) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (c) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 43 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 2.1 to the financial statements, the Group and the Company adopted Financial Reporting Standards on July 1, 2013 with a transition date of July 1, 2012. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as of June 30, 2013 and July 1, 2012, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended June 30, 2013 and related disclosures. The application of these standards has not affected the comparative information as previously reported in accordance with Malaysian Financial Reporting Standards. We are not engaged to report on this comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended June 30, 2014 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of July 1, 2013 do not contain misstatements that materially affect the financial position as of June 30, 2014 and the financial performance and cash flows for the year then ended.

(Forward)

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.



DELOITTE
AF 0080
Chartered Accountants



LIM KENG PEO
Partner - 2939/01/16(J/PH)
Chartered Accountant

October 28, 2014

LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	5	23,751,285	26,310,888	336,000	336,000
Investment revenue	7	3,971,807	3,938,904	2,088,496	2,389,737
Other (losses) and gains	8	(2,847,080)	58,422	(1,800,359)	8,999
Other operating income		56,446	59,636	-	-
Changes in inventories of logs, finished goods and work-in-progress		(1,656,507)	2,134,791	-	-
Raw materials and consumables used		(1,337,701)	(1,108,611)	-	-
Employee benefits expenses	9	(4,900,393)	(5,320,874)	(1,122,473)	(1,092,450)
Depreciation of property, plant and equipment	14	(1,645,297)	(1,765,231)	(3,569)	(3,989)
Amortisation of intangible assets	18	(219,353)	(219,353)	-	-
Amortisation of timber concessions	22	(1,289,801)	(5,075,343)	-	-
Finance costs	10	(1,140,549)	(1,281,965)	-	-
Contract cost recognised		(8,328,654)	(4,269,692)	-	-
Property development projects recognised	25	(985,497)	-	-	-
Other operating expenses		<u>(5,460,418)</u>	<u>(14,296,448)</u>	<u>(357,174)</u>	<u>(339,863)</u>
(Loss)/Profit before tax		(2,031,712)	(834,876)	(859,079)	1,298,434
Tax income	11	<u>144,231</u>	<u>1,502,529</u>	<u>-</u>	<u>-</u>
(Loss)/Profit and total comprehensive (loss)/income for the year	12	<u>(1,887,481)</u>	<u>667,653</u>	<u>(859,079)</u>	<u>1,298,434</u>
Attributable to:					
Owners of the Company		<u>(2,473,446)</u>	<u>475,625</u>	<u>(859,079)</u>	<u>1,298,434</u>
Non-controlling interests		<u>585,965</u>	<u>192,028</u>	<u>-</u>	<u>-</u>
		<u>(1,887,481)</u>	<u>667,653</u>	<u>(859,079)</u>	<u>1,298,434</u>
(Loss)/Profit per ordinary share					
Basic (sen)	13	<u>(1.02)</u>	<u>0.20</u>		
Diluted (sen)	13	<u>(1.02)</u>	<u>0.20</u>		

The accompanying Notes form an integral part of the financial statements.

LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014

	Note	← The Group →			← The Company →		
		30.6.2014 RM	30.6.2013 RM	1.7.2012 RM	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
ASSETS							
Non-Current Assets							
Property, plant and equipment	14	17,317,100	18,336,090	19,867,248	15,275	16,405	20,395
Land held for property development	15	4,694,798	-	-	-	-	-
Investment properties	16	10,130,533	19,362,115	-	-	-	-
Goodwill	17	4,535,000	4,535,000	-	-	-	-
Other intangible assets	18	2,632,269	2,851,622	3,070,975	-	-	-
Investment in unquoted preference shares	19	5,000,000	5,000,000	5,000,000	-	-	-
Investments in subsidiaries	20	-	-	-	122,347,953	122,347,953	114,747,953
Investment in an associate	21	-	-	-	-	-	-
Timber concessions	22	598,603	1,888,404	6,963,747	-	-	-
Advances for log purchases	23	17,986,132	19,530,882	19,548,731	-	-	-
Trade and other receivables	26	-	-	7,107,698	-	-	7,107,698
Amount owing by an associate	28	27,708,045	19,120,411	26,884,017	27,708,045	19,120,411	26,884,017
Deferred tax assets	35	4,253,000	4,253,000	4,253,000	-	-	-
Total non-current assets		94,855,480	94,877,524	92,695,416	150,071,273	141,484,769	148,760,063
Current Assets							
Inventories	24	5,951,316	7,749,753	5,703,166	-	-	-
Property development projects	25	5,871,860	-	-	-	-	-
Trade and other receivables	26	12,828,378	7,386,133	9,985,370	69,550	69,550	69,400
Accrued billing		-	277,400	-	-	-	-
Amount owing by subsidiaries	28	-	-	-	21,859,824	17,863,873	11,066,868
Amount owing by an associate	28	5,553,517	13,344,045	8,613,562	3,775,631	12,186,905	8,613,562
Current tax assets	11	14,730	15,330	2,056,408	14,730	15,330	11,330
Other assets	29	1,501,874	1,870,595	3,183,633	7,230	144,750	987,750
Fixed deposits, cash and bank balances	30	3,510,978	432,214	200,024	29,086	83,013	24,976
Total current assets		35,232,653	31,075,470	29,742,163	25,756,051	30,363,421	20,773,886
Total assets		130,088,133	125,952,994	122,437,579	175,827,324	171,848,190	169,533,949

(Forward)

	Note	← The Group →			← The Company →		
		30.6.2014 RM	30.6.2013 RM	1.7.2012 RM	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	31	120,874,202	120,874,202	120,874,202	120,874,202	120,874,202	120,874,202
Share premium	32	4,764,094	4,764,094	4,764,094	4,764,094	4,764,094	4,764,094
(Accumulated losses)/ Retained earnings	32	(28,811,335)	(26,337,889)	(26,813,514)	43,754,928	44,614,007	43,315,573
Equity attributable to owners of the Company		96,826,961	99,300,407	98,824,782	169,393,224	170,252,303	168,953,869
Non-controlling interests		148,161	(437,804)	(629,832)	-	-	-
Total equity		96,975,122	98,862,603	98,194,950	169,393,224	170,252,303	168,953,869
Non-Current Liabilities							
Hire-purchase payables	33	512,294	354,007	508,193	-	-	-
Borrowings	34	5,432,392	102,575	139,972	-	-	-
Deferred tax liabilities	35	4,744,651	5,078,882	1,824,501	-	-	-
Total non-current liabilities		10,689,337	5,535,464	2,472,666	-	-	-
Current Liabilities							
Trade and other payables	36	4,296,449	960,653	781,216	48,660	20,334	50,880
Amount owing to subsidiaries	28	-	-	-	6,278,263	1,346,000	-
Amount owing to an associate	28	-	-	873,768	-	-	-
Hire-purchase payables	33	190,162	154,126	232,836	-	-	-
Borrowings	34	15,128,605	19,797,002	18,145,074	-	-	-
Current tax liabilities	11	190,000	-	-	-	-	-
Advance billing	37	1,848,259	-	-	-	-	-
Other liabilities	38	770,199	643,146	1,737,069	107,177	229,553	529,200
Total current liabilities		22,423,674	21,554,927	21,769,963	6,434,100	1,595,887	580,080
Total liabilities		33,113,011	27,090,391	24,242,629	6,434,100	1,595,887	580,080
Total equity and liabilities		130,088,133	125,952,994	122,437,579	175,827,324	171,848,190	169,533,949

The accompanying Notes form an integral part of the financial statements.

LEWKO RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

	← Attributable to owners of the Company →					
	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Earnings/ (Accumulated Losses) RM	Subtotal RM	Non- controlling Interests RM	Total Equity RM
The Group						
Balance as of July 1, 2012	120,874,202	4,764,094	(26,813,514)	98,824,782	(629,832)	98,194,950
Net profit and total comprehensive income for the year	-	-	475,625	475,625	192,028	667,653
Balance as of June 30, 2013	120,874,202	4,764,094	(26,337,889)	99,300,407	(437,804)	98,862,603
Net loss and total comprehensive loss for the year	-	-	(2,473,446)	(2,473,446)	585,965	(1,887,481)
Balance as of June 30, 2014	120,874,202	4,764,094	(28,811,335)	96,826,961	148,161	96,975,122
The Company						
Balance as of July 1, 2012	120,874,202	4,764,094	43,315,573	168,953,869	-	168,953,869
Net profit and total comprehensive income for the year	-	-	1,298,434	1,298,434	-	1,298,434
Balance as of June 30, 2013	120,874,202	4,764,094	44,614,007	170,252,303	-	170,252,303
Net loss and total comprehensive loss for the year	-	-	(859,079)	(859,079)	-	(859,079)
Balance as of June 30, 2014	120,874,202	4,764,094	43,754,928	169,393,224	-	169,393,224

The accompanying Notes form an integral part of the financial statements.

LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Note	The Group	
		2014 RM	2013 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year		(1,887,481)	667,653
Adjustments for:			
Amortisation of timber concession		1,289,801	5,075,343
Fair value adjustments on reassessment of financial assets		2,922,671	-
Depreciation of property, plant and equipment		1,749,997	1,814,814
Finance costs		1,140,549	1,281,965
Write down of inventories		683,332	981,308
Amortisation of intangible assets		219,353	219,353
Inventories written off		3,482	-
Unrealised loss/(gain) on foreign currency exchange		2,023	(8,606)
Property, plant and equipment written off		222	-
Interest arising from amortisation of financial assets		(3,466,058)	(3,438,314)
Dividend income from preference shares		(500,000)	(500,000)
Income tax credit recognised in profit or loss		(144,231)	(1,502,529)
Gain on disposal of property, plant and equipment		(36,245)	(15,999)
Impairment losses reversed on receivables		(20,000)	-
Interest income		(7,719)	(590)
Bad debts written off		-	1,000
		<u>1,949,696</u>	<u>4,575,398</u>
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		1,070,306	(3,027,895)
Property development projects		(1,003,855)	-
Trade and other receivables		(6,421,023)	12,341,073
Accrued billing		277,400	(277,400)
Amount owing by an associate		(508,969)	5,422,860
Other assets		376,086	1,394,343
Increase/(Decrease) in:			
Trade and other payables		3,335,796	(9,457,972)
Amount owing to an associate		-	(873,768)
Advance billing		1,848,259	-
Other liabilities		158,459	(1,100,471)
		<u>1,082,155</u>	<u>8,996,168</u>
Cash From Operations		1,082,155	8,996,168
Interest income received		1,970	-
Income tax refunded		4,000	2,267,000
Income tax paid		(3,400)	(4,152)
		<u>1,084,725</u>	<u>11,259,016</u>
Net Cash From Operating Activities			

(Forward)

	Note	The Group	
		2014 RM	2013 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Advances of logs purchases refunded	23	2,200,000	1,066,426
Dividend received		1,500,000	-
Uplift/(Placement) of fixed deposits		146,250	(125,772)
Proceeds from disposal of property, plant and equipment		114,000	16,000
Interest received on fixed deposits		5,749	590
Advances for log purchases	23	(400,000)	-
Purchase of property, plant and equipment	40(a)	(392,584)	(279,431)
Additions to investment properties		(195,370)	(187,825)
Additions to land held for property development		(94,534)	-
Acquisition of subsidiaries	20	-	(7,551,133)
Net Cash From/(Used In) Investing Activities		<u>2,883,511</u>	<u>(7,061,145)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		5,374,203	-
(Repayment of)/Proceeds from bank overdrafts - net		(3,951,303)	3,947,973
Finance costs paid		(1,140,634)	(1,281,965)
Repayment of bankers' acceptances and trust receipts - net		(378,074)	(1,317,477)
(Repayment of)/Proceeds from short-term revolving credits - net		(375,000)	6,000,000
Repayment of hire-purchase payables		(229,357)	(232,896)
Repayment of term loans		(39,812)	(4,420,724)
Net Cash (Used In)/From Financing Activities		<u>(739,977)</u>	<u>2,694,911</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,228,259	6,892,782
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Effect of exchange rate changes on the balance of cash held in foreign currencies		265,964	(6,627,103)
		<u>(3,245)</u>	<u>285</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	40(b)	<u>3,490,978</u>	<u>265,964</u>

The accompanying Notes form an integral part of the financial statements.

LEWEKO RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	The Company	
		2014 RM	2013 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year		(859,079)	1,298,434
Adjustments for:			
Fair value adjustments on reassessment of financial assets		1,800,359	-
Depreciation of property, plant and equipment		3,569	3,989
Interest arising from amortisation of financial assets		(2,088,496)	(2,389,737)
Gain on disposal of property, plant and equipment		-	(8,999)
		<u>(1,143,647)</u>	<u>(1,096,313)</u>
Movements in working capital:			
Decrease/(Increase) in:			
Trade and other receivables		-	(150)
Amount owing by an associate		111,777	6,580,000
Other assets		137,520	843,000
Increase/(Decrease) in:			
Trade and other payables		28,326	(30,546)
Other liabilities		<u>(122,376)</u>	<u>(299,647)</u>
Cash (Used In)/From Operations		<u>(988,400)</u>	<u>5,996,344</u>
Income tax refunded		4,000	-
Income tax paid		<u>(3,400)</u>	<u>(4,000)</u>
Net Cash (Used In)/From Operating Activities		<u>(987,800)</u>	<u>5,992,344</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
(Advances to)/Repayment from subsidiaries - net		(3,995,951)	310,693
Purchase of property, plant and equipment	40(a)	(2,439)	-
Proceeds from disposal of property, plant and equipment		-	9,000
Acquisition of subsidiaries	20	-	<u>(7,600,000)</u>
Net Cash Used In Investing Activities		<u>(3,998,390)</u>	<u>(7,280,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiaries		<u>4,932,263</u>	<u>1,346,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(53,927)</u>	<u>58,037</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>83,013</u>	<u>24,976</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	40(b)	<u><u>29,086</u></u>	<u><u>83,013</u></u>

The accompanying Notes form an integral part of the financial statements.

LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally an investment holding company and a provider of management and corporate services.

The principal activities of the subsidiaries are disclosed in Note 20.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries.

The registered office and principal place of business of the Company are located at No. 17-19, Lengkok Tasek Timur 1A, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak Darul Ridzuan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors for issuance in accordance with a resolution of the directors on October 28, 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

During the current financial year, the Group and the Company has met the criteria of a Transitioning Entities ("TE") following the acquisition of an indirect subsidiary, Pautan Warisan Sdn. Bhd., through Bernam Indah Sdn. Bhd. which is principally involved in property development. The Company has decided to apply FRSs as its reporting framework for the current financial year.

The transition to FRSs is accounted for in accordance with FRS 1, *First-time Adoption of Financial Reporting Standards*, with July 1, 2012 as the date of transition. Opening statements of financial position as of the date of transition has been prepared based on the accounting policies as described in Note 3. There are no significant changes in accounting policies of the Group and of the Company as a consequence of the transition to FRSs. The transition to FRSs does not have any impact on the reported financial position, financial performance and cash flows of the Group and of the Company.

The Group and the Company will be required to prepare its first set of Malaysian Financial Reporting Standards ("MFRS") financial statements for the financial year ending June 30, 2018 as mandated by Malaysian Accounting Standards Board ("MASB").

2.1 Adoption of new and revised FRSs

New and revised FRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2013.

(Forward)

The adoption of the new and revised FRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements, except as follows:

FRS 13 *Fair Value Measurement*

The Group and the Company have applied FRS 13 for the first time in the current year. FRS 13 establishes a single source of guidance for fair value measurements and disclosures about the fair value measurements. The scope of FRS 13 is broad; the fair value measurement requirements of FRS 13 apply to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 2 *Share-based Payment*, leasing transactions that are within the scope of FRS 117 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under FRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, FRS 13 includes extensive disclosure requirements.

FRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by FRS 13 for the 2013 comparative period (please see Note 39 for the 2014 disclosures). Other than the additional disclosures, the application of FRS 13 has not had any material impact on the amounts recognised in these financial statements.

2.2 Standards and IC Interpretations (“IC Int.”) in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and revised FRSs and IC Int. and amendments to FRSs and IC Int. which have been issued but not yet effective until future periods at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Bases of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for certain non-current assets and financial instruments, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(Forward)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value in use in FRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

(Forward)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

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- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 139 or FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with FRS 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as that would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive by that associate would be reclassified to profit or loss on disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, discounts and other similar allowances.

Sale of goods

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the respective entities; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in profit or loss immediately.

(Forward)

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the statement of financial position under trade and other receivables.

Contract fees

Contract fees for the extraction of logs and income from management services rendered are recognised as and when the services are provided.

Property development project

Revenue and cost of property development project are recognised in the statement of profit or loss and other comprehensive income using the percentage of completion method in respect of sales where agreement has been finalised by the end of the reporting period. The percentage of completion is determined based on surveys of physical work performed of the property development works.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the entity (that is foreign currencies) are recognised at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(Forward)

Exchange differences are recognised in profit or loss in the period in which they arise, except for differences arising from the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised directly in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Group is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan, for all their eligible employees based on certain prescribed rates of the employees' salaries. Such contributions are recognised as an expense in profit or loss as and when incurred. The Group and the Company have no further payment obligations once these contributions have been paid.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

(Forward)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at cost and is not amortised.

Long-term leasehold land is amortised over the remaining lease period of 84 years.

Depreciation is charged so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2% to 15%
Plant, machinery and equipment	2% to 20%
Motor vehicles	10% to 20%
Computer software, office equipment, furniture and fittings	5% to 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under hire-purchase are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Land Held For Property Development

Land held for future development consists of leasehold land and other related development costs where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and other related development costs are classified within non-current assets and is stated at cost less impairment losses, if any.

Land held for future development will be reclassified to property development project when significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

Property Development Projects

Property development projects consists of the cost of land, direct building costs and related development expenditure incurred less cost recognised in profit or loss and allowances for foreseeable loss (if any).

Accrued progress billings represent the excess of property development revenue recognised in profit or loss over the billings to purchasers while advance progress billings represent the excess of billings to purchasers over property development revenue recognised in profit or loss.

Allowance for foreseeable loss (if any) is made based on losses estimated to arise upon the completion of the property development project which are already in progress.

Leases

(i) Finance lease

Leases, where the Group assume substantially all the risks and rewards of ownership, are classified as finance leases including hire-purchase arrangement. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(Forward)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease obligation. The finance expense is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

(ii) Operating leases

Leases, where the Group do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised as a liability initially, and are recognised to profit or loss as a reduction of rental expense, over the term of the lease. Contingent rentals are recognised in profit or loss in the reporting period in which they are incurred.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is amortised evenly over the remaining lease period of 85 and 94 years.

The estimated useful life, residual value and depreciation method of investment properties are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Intangible Assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development.

(Forward)

The amounts initially recognised for product development costs, being internally generated intangible assets, are the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, product development costs are reported at cost less accumulated amortisation and accumulated impairment losses. Product development costs are amortised on a straight-line basis over the estimated useful life of the development of 16 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Timber Concessions

Timber concessions are stated at cost less accumulated amortisation and impairment losses. These concessions are amortised over the estimated quantity of timber that can be extracted in accordance with the sustainable forest management policy of the Perak State Government.

Impairment of Tangible and Intangible Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories and financial assets which are dealt with in their respective policies) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the “Weighted Average” and “First-in First-out” methods. Cost of raw materials and logs comprises the original purchase price plus cost incurred in bringing the inventories to their present location. Cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Inventory Property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

- land costs;
- amounts paid to contractors for construction; and/or
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group's reporting segments were identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's reportable segments are strategic business operations that are managed separately based on the Group's management and internal reporting structure.

Financial Instruments

Financial assets and financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

Financial assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets of the Group and of the Company are classified into 'loans and receivables'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial assets.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

(Forward)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments issued by the Group and the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities of the Group and of the Company, including borrowings, are classified into "other financial liabilities" category, and are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

In the process of applying accounting policies of the Group and of the Company, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except as discussed below:

Property development projects

The Group recognises property development projects in profit or loss by using the stage of percentage-of-completion method, which is the standard for similar industry.

The stage of completion is determined by the surveys of physical work performed of the property development work. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the extent of the property development projects achieved, the estimated total property development revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a project is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in property development revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Key sources of estimation uncertainty

In the application of the accounting policies of the Group and of the Company, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(Forward)

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Impairment of Property, Plant and Equipment

The carrying amounts of property, plant and equipment of the Group as of June 30, 2014 were RM17,317,100 (30.6.2013: RM18,336,090, 1.7.2012: RM19,867,248).

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Management of the Group have carried out an impairment review on their property, plant and equipment, and concluded that there is no indication of impairment.

(b) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(c) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the revenue growth of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the tests for impairment of goodwill.

(Forward)

(d) Recoverability of Internally Generated Intangible Assets

During the year, the directors considered the recoverability of the Group's internally generated intangible assets arising from precast concrete products development, which is included in the consolidated statement of financial position of RM2,632,269 (30.6.2013: RM2,851,622, 1.7.2012: RM3,070,975).

The project continues to progress according to plan and customer's commitments to order subsequent to the financial year end has reconfirmed the directors' previous estimates of anticipated revenues from the project. Detailed sensitivity analysis has been carried out and the directors are confident that the carrying amounts of the assets will be recovered in full. The recoverability of the project will be closely monitored, and adjustments will be made in future periods if future market activity indicates that such internally generated intangible asset is impaired.

(e) Deferred Tax Assets

The Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. This involves estimation regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(f) Property Development Project

Management is required to estimate the profitability of each property development project by formulating reasonable assumptions and estimates of each project/contract's budgeted costs and revenue. The assumptions and estimates are reviewed annually or when circumstances on which the original assumptions and estimates were based on have changed.

(g) Recoverability of Receivables

The carrying amounts of third-party trade and other receivables of the Group as of June 30, 2014 were RM10,176,779 (30.6.2013: RM6,771,295, 1.7.2012: RM14,528,906).

An allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables. This is determined based on the ageing profile and collection patterns. Where the expectation is different from the original estimate, such difference will impact the carrying values of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

(h) Construction Contracts

The Group recognises construction contracts revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the construction contracts cost incurred for work performed to date bear to the estimated total construction contracts costs.

Significant estimate is required in determining the stage of completion by the estimation of total construction contracts revenue and costs, as well as the recoverability of the construction contracts costs. In making estimations, the Group evaluates based on past experience and by relying on the work of specialists.

5. REVENUE

An analysis of revenue of the Group and of the Company for the year is as follows:

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Precast concrete products	12,084,721	6,523,441	-	-
Sale of sawn and moulded timber	5,739,104	5,970,540	-	-
Trading of logs	3,597,999	13,816,907	-	-
Property development	2,329,461	-	-	-
Management fees received from subsidiaries	-	-	336,000	336,000
Total	23,751,285	26,310,888	336,000	336,000

6. SEGMENT REPORTING

Information reported to the chief operating decision maker and senior management of the Group for the purpose of resources allocation and assessment of segment performance focuses on the business operations of the Group. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and liabilities, such as tax assets/liabilities, deferred tax assets/liabilities, borrowings and hire-purchase payables.

Income from associated company is allocated as it is specifically attributable to logs trading, sawn and moulded timber segment, and correspondingly the interest in associated company is included as the segment assets of the Group.

Segment capital expenditure is the total cost incurred during the year/period to acquire segment assets that are expected to be used for more than one period.

Business Segments

For management purposes, the Group is organised into the following operating divisions:

- Logs trading, sawn and moulded timber : trading of logs, manufacturing and sale of sawn and moulded timber.
- Precast concrete products : manufacturing, construction and installation of precast concrete products.
- Properties : property investment holding and property development.
- Others : investment holding and provision of management and corporate services.

Segment information of the Group is presented below.

(Forward)

**Logs Trading,
Sawn and
Moulded
Timber**

	Logs Trading, Sawn and Moulded Timber RM	Precast Concrete Products RM	Properties RM	Others RM	Eliminations RM	Total RM
The Group - 2014						
Revenue						
External sales	9,337,103	12,084,721	2,329,461	-	-	23,751,285
Inter-segment sales	-	-	2,463,851	336,000	(2,799,851)	-
Total revenue	9,337,103	12,084,721	4,793,312	336,000	(2,799,851)	23,751,285
Results						
Segment results	(1,663,237)	1,214,000	757,336	(1,199,262)	-	(891,163)
Finance costs						(1,140,549)
Loss before tax						(2,031,712)
Tax credit						144,231
Net profit						(1,887,481)
Other information						
Capital additions	145,284	629,025	322,140	2,439	-	1,098,888
Depreciation of property, plant and equipment	1,159,990	584,138	2,300	3,569	-	1,749,997
Amortisation of intangible assets	-	219,353	-	-	-	219,353
Amortisation of timber concessions	1,289,801	-	-	-	-	1,289,801
Consolidated Statement of Financial Position						
Assets						
Segment assets	67,985,679	17,002,415	72,594,109	175,812,596	(207,574,396)	125,820,403
Unallocated segment assets						4,267,730
Consolidated total assets						130,088,133
Liabilities						
Segment liabilities	14,967,726	13,812,239	22,940,363	6,446,531	(51,251,952)	6,914,907
Unallocated segment liabilities						26,198,104
Consolidated total liabilities						33,113,011

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Logs Trading,

Sawn and
Moulded
TimberPrecast
Concrete
Products

The Group - 2013

	Logs Trading, Sawn and Moulded Timber RM	Precast Concrete Products RM	Properties RM	Others RM	Eliminations RM	Total RM
Revenue						
External sales	19,787,447	6,523,441	-	-	-	26,310,888
Inter-segment sales	-	-	-	336,000	(336,000)	-
Total revenue	<u>19,787,447</u>	<u>6,523,441</u>	<u>-</u>	<u>336,000</u>	<u>(336,000)</u>	<u>26,310,888</u>
Results						
Segment results	(1,241,438)	410,101	(15,748)	1,294,174	-	447,089
Finance costs						(1,281,965)
Loss before tax						(834,876)
Tax credit						1,502,529
Net profit						<u>667,653</u>
Other information						
Capital additions	157,916	121,515	-	-	-	279,431
Depreciation of property, plant and equipment	1,266,330	544,495	-	3,989	-	1,814,814
Amortisation of intangible assets	-	219,353	-	-	-	219,353
Amortisation of timber concessions	5,075,343	-	-	-	-	5,075,343
Consolidated Statement of Financial Position						
Assets						
Segment assets	68,776,755	12,406,676	29,270,659	171,832,862	(160,602,288)	121,684,664
Unallocated segment assets						4,268,330
Consolidated total assets						<u>125,952,994</u>
Liabilities						
Segment liabilities	13,410,988	10,976,534	689,499	1,604,135	(25,077,357)	1,603,799
Unallocated segment liabilities						25,486,592
Consolidated total liabilities						<u>27,090,391</u>

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Other segment information

The analysis of the segment revenue of the Group from external customers by geographical area based on the country in which the customer is located is as follows:

	2014 RM	2013 RM
United Kingdom	1,298,796	-
Australia	970,829	1,453,857
Mauritius	818,938	356,071
Netherlands	422,805	934,562
United States of America	-	848,359
Korea	382,755	80,554
Rest of the world	278,211	219,044
	<u>4,172,334</u>	<u>3,892,447</u>
Total exports	4,172,334	3,892,447
Malaysia	19,578,951	22,418,441
	<u>23,751,285</u>	<u>26,310,888</u>

Included in the sales of approximately RM2.26 million (2013: RM8.04 million) made to 1 (2013: 2) largest customers of the Group, which have contributed 10% or more to the Group's revenue individually. No other single customer has contributed 10% or more to the Group's revenue for both 2014 and 2013.

7. INVESTMENT REVENUE

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Investment revenue from loans and receivables (including cash and cash equivalents):				
Amortisation of:				
Amount owing by associate (Note 28)	2,088,496	2,389,737	2,088,496	2,389,737
Advances for log purchases (Note 23)	1,377,562	1,048,577	-	-
Dividend income from preference shares	500,000	500,000	-	-
Interest income from fixed deposits	5,749	590	-	-
	<u>3,971,807</u>	<u>3,938,904</u>	<u>2,088,496</u>	<u>2,389,737</u>

8. OTHER (LOSSES) AND GAINS

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Realised gain on foreign exchange	41,369	33,817	-	-
Gain on disposal of property, plant and equipment	36,245	15,999	-	8,999
Unrealised gain/(loss) on foreign exchange	(2,023)	8,606	-	-
Fair value adjustments on reassessment of financial assets:				
Amount owing by an associate (Note 28)	(1,800,359)	-	(1,800,359)	-
Advances for logs purchases (Noted 23)	(1,122,312)	-	-	-
	<u>(2,847,080)</u>	<u>58,422</u>	<u>(1,800,359)</u>	<u>8,999</u>

9. EMPLOYEE BENEFITS EXPENSES

Included in employee benefits expenses are the following:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Directors' remuneration:				
Executive directors:				
Salaries and bonuses:				
The Company	55,000	660,000	-	-
Subsidiaries	372,700	285,400	-	-
Non-executive directors of the Company:				
Fees	207,200	198,000	207,200	198,000
Meeting allowances	7,500	10,000	7,500	10,000
Contributions to EPF:				
Executive directors:				
The Company	5,400	64,800	-	-
Subsidiaries	44,748	34,248	-	-
Other employees	<u>365,124</u>	<u>346,429</u>	<u>89,065</u>	<u>89,618</u>

The estimated monetary value of benefits-in-kind received and receivable by the executive directors otherwise than in cash from the Group and from the Company are as follows:

	The Group	
	2014	2013
	RM	RM
Executive directors:		
The Company	-	48,900
Subsidiaries	<u>20,932</u>	<u>16,000</u>
	<u>20,932</u>	<u>64,900</u>

Directors' remuneration paid or payable by the Company and its subsidiaries to the directors of the Company for the current year are broadly categorised into the following bands:

Range of remuneration	2014		2013	
	Executive directors	Non-executive directors	Executive directors	Non-executive directors
RM1 to RM50,000	2	1	-	-
RM50,001 to RM100,000	-	3	-	3
RM100,001 to RM150,000	-	-	-	-
RM150,001 to RM200,000	-	-	-	-
RM200,001 to RM250,000	-	-	-	-
RM250,001 to RM300,000	-	-	1	-
RM300,001 to RM350,000	-	-	-	-
RM350,001 to RM400,000	-	-	-	-
RM400,001 to RM450,000	-	-	-	-
RM450,001 to RM500,000	-	-	1	-

10. FINANCE COSTS

	The Group	
	2014 RM	2013 RM
Interest expenses:		
Bank overdrafts	283,403	576,667
Short-term revolving credits	279,727	308,160
Term loans	247,663	15,601
Bankers' acceptances	178,143	188,196
Hire-purchase	30,579	38,040
Trust receipts	27,544	23,273
Bank charges and commissions	93,490	132,028
	<u>1,140,549</u>	<u>1,281,965</u>

11. TAX INCOME

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysian income tax:				
Current year	(190,000)	-	-	-
Prior years	-	221,910	-	-
	<u>(190,000)</u>	<u>221,910</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 35):				
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment and timber concessions	334,231	1,280,619	-	-
Tax income	<u>144,231</u>	<u>1,502,529</u>	<u>-</u>	<u>-</u>

The Group's and the Company's income tax rate remained at 25% for the year of assessment 2014.

The Malaysian Budget 2015 announced on October 10, 2014 the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The Real Property Gains Tax ("RPGT") has also been revised to 30% for disposal within the first three years, 20% in the fourth year, 15% in the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the abovementioned expected rates.

The tax income for the year can be reconciled to the accounting (loss)/profit as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
(Loss)/Profit before tax	<u>(2,031,712)</u>	<u>(834,876)</u>	<u>(859,079)</u>	<u>1,298,434</u>
Loss/(Tax) at the applicable statutory tax rate of 25% (2013: 25%)	508,000	209,000	215,000	(325,000)
Tax effects of:				
Income that is not taxable for tax purposes	822,000	860,000	522,000	598,000
Utilisation of unutilised tax losses and unabsorbed tax capital allowances brought forward	512,000	749,000	-	-
Expenses allowed for double deduction	38,000	20,000	-	-
Deferred tax assets not recognised	(265,000)	(304,000)	(222,000)	(220,000)
Expenses that are not deductible for tax purposes	(1,470,769)	(253,381)	(515,000)	(53,000)
Income tax – prior years	-	221,910	-	-
Tax income	<u>144,231</u>	<u>1,502,529</u>	<u>-</u>	<u>-</u>
The Group		30.6.2014	30.6.2013	1.7.2012
		RM	RM	RM
<i>Current tax assets</i>				
Tax refund receivables		<u>14,730</u>	<u>15,330</u>	<u>2,056,408</u>
<i>Current tax liability</i>				
Tax payable		<u>(190,000)</u>	<u>-</u>	<u>-</u>
The Company				
<i>Current tax assets</i>				
Tax refund receivables		<u>14,730</u>	<u>15,330</u>	<u>11,330</u>

12. (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR

(Loss)/Profit and total comprehensive (loss)/income for the year from continuing operations is stated after crediting/(charging):

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Impairment losses reversed on receivables (Note 26)	20,000	-	-	-
Interest received on bank current account	1,970	-	-	-
Write down of inventories (Note 24)	(683,332)	(981,308)	-	-
Auditors' remuneration:				
Statutory audit	(147,000)	(138,487)	(60,000)	(56,000)
Rental expenses:				
Premises	(119,400)	(134,700)	(6,000)	(6,000)
Signboard	(116,440)	-	-	-
Equipment	(12,380)	(10,500)	-	-
Inventories written off (Note 24)	(3,482)	-	-	-
Property, plant and equipment written off	(222)	-	-	-
Bad debts written off	-	(1,000)	-	-
	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>

13. (LOSS)/PROFIT PER ORDINARY SHARE

The basic and diluted (loss)/profit per ordinary share are calculated as follows:

	The Group	
	2014	2013
	Sen	Sen
Basic (loss)/profit per ordinary share:	<u>(1.02)</u>	<u>0.20</u>
Diluted (loss)/profit per ordinary share:	<u>(1.02)</u>	<u>0.20</u>

	The Group	
	2014	2013
	RM	RM
(Loss)/Profit for the purposes of basic/diluted (loss)/profit per ordinary share	<u>(2,473,446)</u>	<u>475,625</u>

	The Group	
	2014	2013
	Share	Share
Weighted average number of ordinary shares for the purpose of earnings per share (all measures)	<u>241,748,404</u>	<u>241,748,404</u>

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Long-term leasehold land RM	Freehold land RM	Buildings RM	Plant, machinery and equipment RM	Plant, machinery and equipment under hire-purchase RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Motor vehicles under purchase RM	Computer software, office equipment, furniture and fittings RM	Property under construction RM	Total RM
Cost											
As of July 1, 2012	1,011,371	2,050,000	14,174,813	20,015,895	423,110	905,157	1,275,034	1,377,428	1,377,428	-	41,232,808
Additions	-	-	-	57,700	-	-	-	174,821	174,821	46,910	279,431
Disposals	-	-	-	(45,250)	-	(6,447)	-	-	-	-	(51,697)
Write offs	-	-	-	-	-	(287,814)	-	-	-	-	(287,814)
Acquisition through business combination	-	-	-	1,810,479	-	699,540	-	48,365	48,365	-	2,558,384
As of June 30, 2013	1,011,371	2,050,000	14,174,813	21,838,824	423,110	1,310,436	1,275,034	1,600,614	1,600,614	46,910	43,731,112
Additions	-	-	-	105,458	-	-	330,037	93,989	93,989	279,500 *	808,984
Disposals	-	-	-	(32,000)	-	(94,167)	(145,000)	-	-	-	(271,167)
Write offs	-	-	-	-	-	-	-	(388)	(388)	-	(388)
Reclassification	-	-	-	282,810	(142,110)	-	-	-	-	(140,700)	-
As of June 30, 2014	1,011,371	2,050,000	14,174,813	22,195,092	281,000	1,216,269	1,460,071	1,694,215	1,694,215	185,710	44,268,541

* Amount is inclusive of hire-purchase financing for one unit overhead travelling crane amounted to RM124,000.

(Forward)

The Group

	Long-term leasehold land RM	Freehold land RM	Buildings RM	Plant, machinery and equipment RM	Plant, machinery and equipment hire-purchase RM	Motor vehicles RM	Motor vehicles hire-purchase RM	Motor vehicles under purchase RM	Computer software, office equipment, furniture and fittings RM	Property under construction RM	Total RM
Accumulated depreciation											
As of July 1, 2012	51,351	-	4,142,871	14,475,097	31,802	901,236	615,824	1,147,379	1,147,379	-	21,365,560
Depreciation charge for the year	11,628	-	460,203	1,004,534	42,311	1,116	202,358	92,664	92,664	-	1,814,814
Disposals	-	-	-	(45,250)	-	(6,446)	-	-	-	-	(51,696)
Write offs	-	-	-	-	-	(287,814)	-	-	-	-	(287,814)
Acquisition through business combination	-	-	-	1,807,365	-	699,537	-	47,256	47,256	-	2,554,158
As of June 30, 2013	62,979	-	4,603,074	17,241,746	74,113	1,307,629	818,182	1,287,299	1,287,299	-	25,395,022
Depreciation charge for the year	11,628	-	399,508	1,020,103	42,311	1,116	194,137	81,194	81,194	-	1,749,997
Disposals	-	-	-	(5,600)	-	(94,166)	(93,646)	-	-	-	(193,412)
Write offs	-	-	-	-	-	-	-	(166)	(166)	-	(166)
Reclassification	-	-	-	52,699	(52,699)	-	-	-	-	-	-
As of June 30, 2014	74,607	-	5,002,582	18,308,948	63,725	1,214,579	918,673	1,368,327	1,368,327	-	26,951,441
Carrying amounts											
As of July 1, 2012	960,020	2,050,000	10,031,942	5,540,798	391,308	3,921	659,210	230,049	230,049	-	19,867,248
As of June 30, 2013	948,392	2,050,000	9,571,739	4,597,078	348,997	2,807	456,852	313,315	313,315	46,910	18,336,090
As of June 30, 2014	936,764	2,050,000	9,172,231	3,886,144	217,275	1,690	541,398	325,888	325,888	185,710	17,317,100

(Forward)

The Company

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Total RM
Cost				
As of July 1, 2012	8,110	23,926	6,447	38,483
Disposals	-	-	(6,447)	(6,447)
As of June 30, 2013	8,110	23,926	-	32,036
Additions	-	2,439	-	2,439
As of June 30, 2014	8,110	26,365	-	34,475
Accumulated depreciation				
As of July 1, 2012	4,008	7,634	6,446	18,088
Depreciation charge for the year	1,319	2,670	-	3,989
Disposals	-	-	(6,446)	(6,446)
As of June 30, 2013	5,327	10,304	-	15,631
Depreciation charge for the year	985	2,584	-	3,569
As of June 30, 2014	6,312	12,888	-	19,200
Carrying amounts				
As of July 1, 2012	4,102	16,292	1	20,395
As of June 30, 2013	2,783	13,622	-	16,405
As of June 30, 2014	1,798	13,477	-	15,275

Freehold land, leasehold land and certain buildings of certain subsidiaries with total carrying amount of RM12.2 million (30.6.2013: RM12.6 million; 1.7.2012: RM11.8 million) are charged to a licensed bank for banking facilities as mentioned in Note 34.

(Forward)

During the financial year, depreciation expenses were charged to the following:

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit or loss	1,645,297	1,765,231	3,569	3,989
Construction costs (Note 27)	104,700	49,583	-	-
	<u>1,749,997</u>	<u>1,814,814</u>	<u>3,569</u>	<u>3,989</u>

15. LAND HELD FOR PROPERTY DEVELOPMENT

The Group	2014 RM	2013 RM
At cost:		
At beginning of year		
Land cost - leasehold	-	-
Additions:		
Land cost - leasehold	94,534	-
Transfer from investment properties (Note 16)		
Land cost - leasehold	9,426,952	-
Transfer to property development projects (Note 25)		
Land cost - leasehold	(4,826,688)	-
At end of year	<u>4,694,798</u>	<u>-</u>

The leasehold land held for property development with carrying amounts of RM4,694,798 (30.6.2013: Nil, 1.7.2012: Nil) has been charged to licensed banks to secure term loan granted to the Group as mentioned in Note 34.

16. INVESTMENT PROPERTIES

The Group	Long-term Leasehold land RM	Property under construction RM	Total RM
Cost			
As of July 1, 2012	-	-	-
Acquisitions through business combination (Note 20)	19,174,290	-	19,174,290
Additions	187,825	-	187,825
As of June 30, 2013	19,362,115	-	19,362,115
Additions	47,673	147,697	195,370
Transfer to land held for property development (Note 15)	(9,426,952)	-	(9,426,952)
As of June 30, 2014	<u>9,982,836</u>	<u>147,697</u>	<u>10,130,533</u>

(Forward)

Fair value measurement of investment properties of the Group

The fair value of the Group's investment properties of RM10,265,162 (30.6.2013: RM20,000,000, 1.7.2012: Nil) has been arrived on the basis of valuation carried out by an independent valuer who possesses appropriate qualifications and recent experience in the valuation of properties in the relevant locations on May 15, 2012. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

Details of the Group's investment properties and information about the fair value hierarchy as of June 30, 2014 are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Fair value as of 30.6.2014 RM
Long-term leasehold land	-	-	10,265,162	10,265,162

The investment properties of RM10,130,533 have been charged to a licensed bank for banking facilities granted to the Group as disclosed in Note 34.

17. GOODWILL

The Group	30.6.2014 RM	30.6.2013 RM
At beginning of year	4,535,000	-
Amounts recognised from business combination occurred during the year (Note 20)	-	4,535,000
At end of year	4,535,000	4,535,000

Allocation of goodwill to cash-generating units

Goodwill acquired in business combination in the prior year is allocated, at acquisition, to the development land held by the subsidiary acquired, being the smallest group of cash-generating unit ("CGU") that the Group has identified.

The recoverable amount of the CGU was determined based on value-in-use calculations. The calculations were determined using projected cash flows for a 30 year period on the contracted future rental income to be derived from the investment properties currently under construction.

The key assumptions used in preparing the projected cash flows are as follows:

- Pre-tax discount rate of 7.50%; and
- The growth rate of the rental income is 7% for every 3 years based on the signed tenancy agreement.

At the end of the reporting period, the Group assessed the recoverable amount of the goodwill, and determined that no impairment of goodwill is required. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of CGU.

18. OTHER INTANGIBLE ASSETS

The Group	RM
Product Development Cost	
Cost	
At beginning and end of year	<u>3,601,078</u>
Accumulated depreciation	
As of July 1, 2012	530,103
Charge for the year	<u>219,353</u>
As of June 30, 2013	749,456
Charge for the year	<u>219,353</u>
As of June 30, 2014	<u>968,809</u>
Carrying amount	
As of July 1, 2012	<u>3,070,975</u>
As of June 30, 2013	<u>2,851,622</u>
As of June 30, 2014	<u>2,632,269</u>

19. INVESTMENT IN UNQUOTED PREFERENCE SHARES

	30.6.2014	The Group 30.6.2013	1.7.2012
	RM	RM	RM
Unquoted preference shares in Malaysia, at cost	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

The preference shares are redeemable at the fifth anniversary of the First Issuance Date, being the first date where the redeemable preference shares were issued by Kampung Kenayat Sdn. Bhd. ("KKSB"). The Group is entitled to a preferential dividend of 10% per annum commencing and accruing from the First Issuance Date, which will be payable on the preference shares any day after the third anniversary of the First Issuance Date or redemption date, whichever is earlier.

20. INVESTMENTS IN SUBSIDIARIES

The Company	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Unquoted shares, at cost	72,542,648	72,542,648	64,942,648
Deemed capital contributions in a subsidiary (Note 28)	<u>49,805,305</u>	<u>49,805,305</u>	<u>49,805,305</u>
	<u>122,347,953</u>	<u>122,347,953</u>	<u>114,747,953</u>

(Forward)

The subsidiaries, all of which were incorporated in Malaysia, are as follows:

Names of company	Proportion of ownership interest			Principal activities
	30.6.2014	30.6.2013	1.7.2012	
	%	%	%	
Direct subsidiaries				
Maju Weko Timber Industries Sdn. Bhd.	100.00	100.00	100.00	Logs trading, processing and manufacturing of sawn timber, moulded timber and other timber related products.
				During the year, the subsidiary commences business involved in the construction of houses, building and other related contract works to its related company.
Dura Technology Sdn. Bhd.	51.00	51.00	51.00	Manufacturing, construction and installation of precast concrete products.
Tanah Damai Sdn. Bhd.	100.00	100.00	100.00	Dormant.
Bernam Indah Sdn. Bhd.	100.00	100.00	-	Contractor for timber harvesting and logging infrastructure.

Indirect subsidiary (Held through Bernam Indah Sdn. Bhd.)

Sepakat Slim Sdn. Bhd.	100.00	100.00	-	Timber logging and property investment holding.
Pautan Warisan Sdn. Bhd.	100.00	100.00	-	Property development.

Details of subsidiaries acquired in prior year are as follows:

Name of Company	Date of acquisition	Proportion of shares acquired (%)	Consideration transferred (RM)
30.6.2013			
Bernam Indah Sdn. Bhd. ("BISB")	September 18, 2012	100.00	7,600,000
Indirect subsidiary (Held through BISB)			
Sepakat Slim Sdn. Bhd. ("SSSB")	September 18, 2012	100.00	-
Pautan Warisan Sdn. Bhd. ("PWSB")	June 6, 2013	100.00	2

(Forward)

Assets acquired and liabilities assumed at the date of acquisition:

	18.9.2012 BISB and its subsidiary RM	6.6.2013 PWSB (through BISB) RM
Non-current assets		
Property, plant and equipment	4,226	-
Investment properties	19,174,290	-
Current assets		
Trade and other receivables	2,126,817	-
Other assets	81,305	-
Cash and bank balances	48,867	2
Current liabilities		
Trade and other payables	(9,233,939)	-
Amount owing to a director	(403,470)	-
Term loan	(4,191,408)	-
Current tax liability	(140)	-
Other liabilities	(6,548)	-
Non-current liabilities		
Deferred tax liability	(4,535,000)	-
Fair value of identifiable net assets acquired	<u>3,065,000</u>	<u>2</u>
Goodwill arising on acquisition:		
Consideration transferred	7,600,000	2
Fair value of identifiable net assets acquired	<u>(3,065,000)</u>	<u>(2)</u>
Goodwill arising on acquisition (Note 17)	<u>4,535,000</u>	<u>-</u>

Goodwill arose from the acquisition of two (2) direct and indirect subsidiaries, Bernam Indah Sdn. Bhd. and Sepakat Slim Sdn. Bhd.. The cost of the combination includes a control premium benefits from revenue growth. The said acquisition allows the Group to venture into property investment and development via its properties division. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflows on acquisition of subsidiaries:

	30.6.2013 BISB and its subsidiary RM
Consideration paid in cash by:	
The Company	7,600,000
BISB	<u>2</u>
	7,600,002
Less: Cash and cash equivalent balances acquired	<u>(48,869)</u>
	<u>7,551,133</u>

Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2014	2013
Logs trading, processing and manufacturing of sawn timber, moulded timber and other timber related products, and the construction of houses, building and other related contract works.	Malaysia	1	1
Contractor for timber harvesting and logging infrastructure	Malaysia	1	1
Timber logging and property investment holding	Malaysia	1	1
Property development.	Malaysia	1	1
Dormant	Malaysia	1	1
		<u>5</u>	<u>5</u>

Principal activities	Place of incorporation and operation	Number of non-wholly-owned subsidiary	
		2014	2013
Manufacturing, construction and installation of precast concrete products	Malaysia	1	1
		<u>1</u>	<u>1</u>

Details of non-wholly owned subsidiary that have material non-controlling interests are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests		
		2014	2013	2014	2013	30.6.2014	30.6.2013	1.7.2012
		%	%	RM	RM	RM	RM	RM
Dura Technology Sdn. Bhd. ("DTSB")	Malaysia	49	49	<u>585,965</u>	<u>192,028</u>	<u>148,161</u>	<u>(437,804)</u>	<u>(629,832)</u>

Summarised financial information in respect of the Group's subsidiary, that has material non-controlling interests, DTSB, is set out below. The summarised financial information below represents amounts before intragroup eliminations.

DTSB	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Current assets	7,304,242	2,535,277	3,148,544
Non-current assets	8,536,381	8,637,200	9,207,126
Current liabilities	(14,897,333)	(11,739,832)	(13,182,561)
Non-current liabilities	(640,920)	(326,122)	(458,480)
Equity attributable to owners of the Company	(154,209)	455,673	655,539
Non-controlling interests	(148,161)	437,804	629,832
		2014	2013
		RM	RM
Revenue		12,084,721	6,523,441
Income		39,802	52,476
Expenses		(10,928,676)	(6,184,023)
Profit and total comprehensive income		1,195,847	391,894
Profit and total comprehensive income attributable to:			
Owners of the Company		609,882	199,866
Non-controlling interests		585,965	192,028
		1,195,847	391,894
Net cash from operating activities		217,419	1,212,986
Net cash used in investing activities		(135,586)	(247,287)
Net cash used in financing activities		(83,331)	(673,542)
Net cash (outflow)/inflow		(1,498)	292,157

21. INVESTMENT IN AN ASSOCIATE

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Unquoted shares in Malaysia	716,092	716,092	716,092
Less: Share of post-acquisition losses	(716,092)	(716,092)	(716,092)
	-	-	-
The Company			
Unquoted shares in Malaysia	3,426,633	3,426,633	3,426,633
Less: Accumulated impairment loss	(3,426,633)	(3,426,633)	(3,426,633)
	-	-	-

(Forward)

The associate, which was incorporated in Malaysia, as of the end of the reporting period is as follows:

Name of associated company	Proportion of ownership			Principal activities
	30.6.2014 %	30.6.2013 %	1.7.2012 %	
Syarikat Amiziz (M) Sdn. Bhd. * ("SASB")	45.45	45.45	45.45	Timber logging, trading and transportation.

* The financial statements of this company were examined by auditors other than the auditors of the Company.

The Group's cost of investment in an associate, which was reclassified from investment in subsidiaries in 2009, is adjusted to reflect the Group's share of net assets of the associate upon the dilution of equity interest in the shares of the associate on December 31, 2009.

Summarised financial information in respect of the associate of the Group is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements, except for financial position of the associate as of July 1, 2012, where the Group has yet to exist, prepared in accordance with FRSS.

	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
Current assets	2,398,848	4,905,264	987,250
Non-current assets	83,108,217	80,899,939	30,529,944
Current liabilities	(93,195,023)	(96,260,990)	(46,439,472)
Non-current liabilities	(411,281)	(2,974,162)	(33,579)
		2014 RM	2013 RM
Revenue		26,822,489	7,544,106
Profit and total comprehensive income for the year		7,621,566	9,816

Reconciliation of the above summarised financial information to the carrying amount of the interest in SASB recognised and unrecognised in the consolidated financial statements is as follows:

	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
Net liabilities of the associate	(8,099,239)	(13,429,949)	(14,955,857)
Proportion of the Group's ownership interest in SASB	45.45%	45.45%	45.45%
Carrying amount of the Group's interest in SASB:			
Recognised	(716,092)	(716,092)	(716,092)
Unrecognised	(2,965,012)	(5,387,820)	(6,081,345)
	<u>(3,681,104)</u>	<u>(6,103,912)</u>	<u>(6,797,437)</u>

22. TIMBER CONCESSIONS

The Group	RM
Timber concessions, at cost:	
At beginning and end of year	<u>54,400,000</u>
Accumulated amortisation and impairment:	
As of July 1, 2012	(47,436,253)
Amortisation expense	<u>(5,075,343)</u>
As of June 30, 2013	(52,511,596)
Amortisation expense	<u>(1,289,801)</u>
As of June 30, 2014	<u>(53,801,397)</u>
Carrying amount	
As of July 1, 2012	<u>6,963,747</u>
As of June 30, 2013	<u>1,888,404</u>
As of June 30, 2014	<u>598,603</u>

The key assumptions and bases used to test the impairment of timber concessions are as follows:

- (i) The total estimated yield used in the valuation report dated January 9, 2003, prepared by HASB Consultants Sdn. Bhd., modified to reflect the recent restriction enforced by the relevant authorities;
- (ii) The current market prices (after deducting an allowance of 12.5% (30.6.2013: 12.5%, 1.7.2012: 12.5%) for defective and under-sized logs) are sustainable; and
- (iii) The future cash flows generated from the timber concessions are discounted at a discount rate of 7.50% (30.6.2013: 7.60%, 1.7.2012: 7.60%) per annum.

23. ADVANCES FOR LOG PURCHASES

The Group	30.6.2014	30.6.2013
	RM	RM
At beginning of year	19,530,882	19,548,731
Additions during the year	400,000	-
Refunded during the year	(2,200,000)	(1,066,426)
Fair value adjustments on reassessment of financial assets (Note 8)	(1,122,312)	-
Interest arising from amortisation of non-current financial assets (Note 7)	<u>1,377,562</u>	<u>1,048,577</u>
At end of year	<u>17,986,132</u>	<u>19,530,882</u>

Advances for log purchases represent advances paid to timber concessionaires for the purchase of merchantable timber logs. These advance payments will be progressively deducted from the purchases of timber logs.

24. INVENTORIES

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Work-in-progress	4,528,051	5,004,041	4,375,353
Finished goods	724,038	1,243,345	398,452
Raw materials	699,227	799,840	929,361
Logs	-	661,210	-
Inventory property	-	41,317	-
	<u>5,951,316</u>	<u>7,749,753</u>	<u>5,703,166</u>

The cost of inventories recognised as an expense during the financial year is RM7,958,651 (2013: RM14,383,201).

Write down of inventories recognised as an expense during the financial year is RM683,332 (2013: RM981,308).

Write off of inventories recognised as an expense during the financial year amounted to RM3,482 (2013: Nil).

25. PROPERTY DEVELOPMENT PROJECTS

Property development projects comprise the following:

The Group	2014	2013
	RM	RM
At beginning of year:		
Land cost - leasehold	-	-
Development cost	-	-
	<u>-</u>	<u>-</u>
Costs incurred during the year:		
Leasehold land	-	-
Development costs	2,030,669	-
	<u>2,030,669</u>	<u>-</u>
	2,030,669	-
Transfer from land held for property development (Note 15)	4,826,688	-
	<u>6,857,357</u>	<u>-</u>
Costs recognised as an expense in profit or loss:		
Current year	(985,497)	-
	<u>5,871,860</u>	<u>-</u>
At end of year:		
Leasehold land	4,285,396	-
Development costs	1,586,464	-
	<u>5,871,860</u>	<u>-</u>

(Forward)

The Group considers as current assets that portion of property development projects on which development activities has commenced and is expected to complete within the normal operating cycle of one to two years.

Included in development costs incurred during the year are the following charges:

The Group	30.6.2014 RM	30.6.2013 RM
Interest on term loan	61,053	-
Rental of office	2,500	-
Rental of lorry	1,138	-

The leasehold land held under property development projects with carrying amounts of RM4,285,396 (30.6.2013: Nil, 1.7.2012: Nil) has been charged to licensed banks to secure term loan granted to the Group as mentioned in Note 34.

26. TRADE AND OTHER RECEIVABLES

The Group	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
Trade receivables	6,345,984	2,606,791	3,995,034
Allowance for doubtful debts	-	(370,190)	(370,190)
	6,345,984	2,236,601	3,624,844
Other receivables	3,830,795	3,534,694	10,404,062
Dividend from preference shares receivable	-	1,000,000	500,000
Loans and receivables	10,176,779	6,771,295	14,528,906
Amount due from customers under construction contracts (Note 27)	2,500,941	614,838	2,564,162
Deposit paid to suppliers for purchase of raw material	150,658	-	-
Total	12,828,378	7,386,133	17,093,068
Amount due within 12 months (shown under current assets)	(12,828,378)	(7,386,133)	(9,985,370)
Non-current portion	-	-	7,107,698
The Company			
Other receivables	69,550	69,550	7,177,098
Amount due within 12 months (shown under current assets)	(69,550)	(69,550)	(69,400)
Non-current portion	-	-	7,107,698

(Forward)

The currency profile of trade receivables is as follows:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Ringgit Malaysia	6,059,223	1,997,683	3,548,641
Australian Dollar	191,336	104,364	67,344
United States Dollar	95,425	504,744	359,004
Euro	-	-	20,045
	<u>6,345,984</u>	<u>2,606,791</u>	<u>3,995,034</u>

Trade receivables of the Group comprise amounts receivable for:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Construction contracts	3,800,363	926,821	126,754
Property developments	2,179,125	-	-
Sale of goods	366,496	1,679,970	3,868,280
	<u>6,345,984</u>	<u>2,606,791</u>	<u>3,995,034</u>

The terms granted on sale of goods and on progress billings to contract customers and purchaser of developed properties ranged from 30 to 120 days (30.6.2013: 30 to 120 days, 1.7.2012: 30 to 120 days). No interest is charged on the outstanding balances of trade receivables. An allowance has been made for estimated irrecoverable amounts from sale of goods of Nil (30.6.2013: RM370,190, 1.7.2012: RM370,190) based on the default experience of the Group.

Movement in the allowances for doubtful debts for trade and other receivables is as follows:

The Group	2014	2013
	RM	RM
Trade receivables		
At beginning of year	370,190	370,190
Impairment losses reversed on receivables (Note 12)	(20,000)	-
Amount written off as uncollectible	(350,190)	-
Disposal of a subsidiary	-	-
At end of year	<u>-</u>	<u>370,190</u>

The ageing of impaired trade receivables as mentioned above was more than 1 year.

Included in trade receivables of the Group are receivables with total carrying amount of RM110,187 (30.6.2013: RM117,864, 1.7.2012: RM2,760,667) which are past due as of June 30, 2014 for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparties.

Include in trade receivables of the Group are amount due from related parties of RM29,900 (30.6.2013: Nil, 1.7.2012: Nil).

Ageing of trade receivables which are past due but not impaired as of the end of the reporting period is as follows:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Number of days past due:			
1 - 30 days	-	-	-
31 - 60 days	-	90,598	48,002
61 - 90 days	-	-	-
91 - 120 days	-	-	-
Above 120 days	110,187	27,266	2,712,665
	<u>110,187</u>	<u>27,266</u>	<u>2,712,665</u>
	<u>110,187</u>	<u>117,864</u>	<u>2,760,667</u>

The Group seeks to maintain strict control over their outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management.

Other receivables consist of:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Other receivables	3,830,795	3,534,694	9,130,907
Interest arising from amortisation of non-current other receivable	-	-	1,273,155
	<u>3,830,795</u>	<u>3,534,694</u>	<u>10,404,062</u>
Amount due with 12 months (shown under current assets)	<u>(3,830,795)</u>	<u>(3,534,694)</u>	<u>(3,296,364)</u>
Non-current portion	<u>-</u>	<u>-</u>	<u>7,107,698</u>
The Company			
Other receivables	69,550	69,550	5,903,943
Interest arising from amortisation of non-current other receivable (Note 7)	-	-	1,273,155
	<u>69,550</u>	<u>69,550</u>	<u>7,177,098</u>
Amount due with 12 months (shown under current assets)	<u>(69,550)</u>	<u>(69,550)</u>	<u>(69,400)</u>
Non-current portion	<u>-</u>	<u>-</u>	<u>7,107,698</u>

Included in other receivables of the Group and of the Company is outstanding balance transferred from amount owing by subsidiary of Nil (30.6.2013: Nil, 1.7.2012: RM7,107,698) upon disposal of the said subsidiary on December 30, 2009. The outstanding balance of RM7,107,698 in 2012 is not expected to be recovered within the next 12 months and has therefore, been disclosed as non-current in the statements of financial position.

The said outstanding amount was reclassified to amount owing by subsidiary in 2013 upon the acquisition of Bernam Indah Sdn. Bhd. and its wholly-owned subsidiary, Sepakat Slim Sdn. Bhd., as mentioned in Note 20.

Transactions with related parties are disclosed in Note 28.

27. CONSTRUCTION CONTRACTS

Contracts in progress at the end of the reporting period:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Construction costs incurred plus recognised profits	14,669,490	9,696,603	4,218,684
Less: Progress billings	<u>(14,901,080)</u>	<u>(9,327,494)</u>	<u>(1,654,522)</u>
	<u>(231,590)</u>	<u>369,109</u>	<u>2,564,162</u>

Recognised and included in the financial statements as:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Amount due:			
from customers under construction contracts (Note 26)	2,500,941	614,838	2,564,162
to customers under construction contracts (Note 36)	<u>(2,732,531)</u>	<u>(245,729)</u>	<u>-</u>
	<u>(231,590)</u>	<u>369,109</u>	<u>2,564,162</u>

Included in contract costs incurred during the financial year are the following charges:

The Group	2014	2013
	RM	RM
Employees benefits expenses	579,343	426,907
Depreciation of property, plant and equipment (Note 14)	104,700	49,583
Rental of:		
Quarters	13,725	12,000
Machinery	<u>34,297</u>	<u>17,729</u>

Included in employee benefits expenses of the Group in contract costs are contributions made to the EPF of RM29,095 (2013: RM22,315).

28. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by/(to) subsidiaries arose mainly from advances and payment of expenses made on each other's behalf. These amounts are unsecured, interest-free and are repayable upon demand and have therefore been classified as current assets.

In the prior year, the Company decided that the demand for settlement on advances given to Maju Weko Timber Industries Sdn. Bhd. of RM49,805,305 prior to June 30, 2012 is not planned nor likely in the foreseeable future, the Company considered such advances as capital contribution as disclosed in Note 20.

(Forward)

Amount owing by an associate consist of:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Outstanding balance	32,973,425	30,074,719	43,358,283
Fair value adjustments on reassessment (Note 8)	(1,800,359)	-	(7,860,704)
Interest arising from amortisation of non-current financial asset (Note 7)	2,088,496	2,389,737	-
	<u>33,261,562</u>	<u>32,464,456</u>	<u>35,497,579</u>
Amount due within 12 months (shown under current assets)	<u>(5,553,517)</u>	<u>(13,344,045)</u>	<u>(8,613,562)</u>
Non-current portion	<u>27,708,045</u>	<u>19,120,411</u>	<u>26,884,017</u>
The Company			
Outstanding balance	31,195,539	28,917,579	43,358,283
Fair value adjustments on reassessment (Note 8)	(1,800,359)	-	(7,860,704)
Interest arising from amortisation of non-current financial asset (Note 7)	2,088,496	2,389,737	-
	<u>31,483,676</u>	<u>31,307,316</u>	<u>35,497,579</u>
Amount due within 12 months (shown under current assets)	<u>(3,775,631)</u>	<u>(12,186,905)</u>	<u>(8,613,562)</u>
Non-current portion	<u>27,708,045</u>	<u>19,120,411</u>	<u>26,884,017</u>

The amount owing by an associate arose mainly from balance outstanding transferred upon deemed disposal of the subsidiary in 2009 while amount owing to an associate as of July 1, 2012 arose from trade purchases. These amounts are unsecured and interest-free.

Other than as disclosed elsewhere in these financial statements, the related parties and their relationship with the Company and its subsidiaries are as follows:

Names of related parties	Relationship
Indra Pusaka Sdn. Bhd.) A wholly-owned subsidiary of an associate.
Jurang Hijau Sdn. Bhd.) Companies in which certain directors or persons
Limbongan Bersama Sdn. Bhd) connected with certain directors are directors or
) have substantial financial interest.

During the year, significant related party transactions are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Subsidiaries				
Management fees received	<u>-</u>	<u>-</u>	<u>336,000</u>	<u>336,000</u>

(Forward)

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
An Associate				
Contract wages paid	1,182,549	7,456,324	-	-
Other related parties				
Rental of premises paid	113,400	115,200	-	-
Sale of logs	29,700	-	-	-

Compensation of key management personnel

Directors' remuneration is as disclosed in Note 9. The remuneration of other members of key management personnel of the Group and of the Company during the year are as follows:

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short-term employee benefits	1,093,528	959,780	557,588	573,140
Post-employment benefits:				
Defined contribution plan	127,993	115,250	64,885	68,652
	1,221,521	1,075,030	622,473	641,792

The estimated monetary value of benefits-in-kind received and receivable by the key management personnel otherwise than in cash from the Group is RM20,800 (2013: RM22,500).

29. OTHER ASSETS

The Group	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
Refundable deposits	710,762	739,380	781,718
Prepaid expenses	791,112	1,131,215	1,641,915
Deposit paid for acquisition of a subsidiary	-	-	760,000
	1,501,874	1,870,595	3,183,633
The Company			
Refundable deposits	750	750	5,750
Prepaid expenses	6,480	144,000	222,000
Deposit paid for acquisition of a subsidiary	-	-	760,000
	7,230	144,750	987,750

30. FIXED DEPOSITS, CASH AND BANK BALANCES

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Fixed deposits with licensed bank	20,000	166,250	40,478
Cash and bank balances	<u>3,490,978</u>	<u>265,964</u>	<u>159,546</u>
	<u>3,510,978</u>	<u>432,214</u>	<u>200,024</u>
The Company	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Cash and bank balances	<u>29,086</u>	<u>83,013</u>	<u>24,976</u>

The currency profile of fixed deposits, cash and bank balances is as follows:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Ringgit Malaysia	3,494,612	417,254	185,378
Euro	7,638	6,970	6,837
United States Dollar	5,130	4,409	4,325
Chinese Yuan Renminbi	3,233	3,217	3,124
Australian Dollar	245	246	241
Hong Kong Dollar	120	118	119
	<u>3,510,978</u>	<u>432,214</u>	<u>200,024</u>
The Company			
Ringgit Malaysia	<u>29,086</u>	<u>83,013</u>	<u>24,976</u>

The fixed deposits of the Group are held on lien for bank guarantee facilities. The effective interest rate of fixed deposits was 3.15% (2013: 3.15%) per annum. These deposits have an average maturity of 1 year (30.6.2013: 1 year, 1.7.2012: 1 year).

31. SHARE CAPITAL

The Group and The Company	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Authorised:			
1,000,000,000 ordinary shares of RM0.50 each	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:			
241,748,404 ordinary shares of RM0.50 each	<u>120,874,202</u>	<u>120,874,202</u>	<u>120,874,202</u>

32. RESERVES

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Non-distributable - share premium	4,764,094	4,764,094	4,764,094
Accumulated losses	<u>(28,811,335)</u>	<u>(26,337,889)</u>	<u>(26,813,514)</u>
	<u>(24,047,241)</u>	<u>(21,573,795)</u>	<u>(22,049,420)</u>
The Company			
Non-distributable - share premium	4,764,094	4,764,094	4,764,094
Distributable - Retained earnings	<u>43,754,928</u>	<u>44,614,007</u>	<u>43,315,573</u>
	<u>48,519,022</u>	<u>49,378,101</u>	<u>48,079,667</u>

Share premium

Share premium represents the excess of the issue price over the par value of the ordinary shares of the Company, adjusted for share issue expenses.

Retained earnings

The Company has moved to a single tier tax system upon expiry of the transitional period on December 31, 2013. Any remaining balance in the Section 108 tax credit was disregarded. The entire retained earnings of the Company are available for distributions as single tier tax-exempt dividend to the shareholders of the Company.

33. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments		
	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Amounts payable under hire-purchase arrangements:			
Within one year	227,098	180,805	270,935
In the second to fifth year inclusive	552,102	382,140	562,945
After fifth year	<u>12,050</u>	<u>-</u>	<u>-</u>
	791,250	562,945	833,880
Less: Future finance charges	<u>(88,794)</u>	<u>(54,812)</u>	<u>(92,851)</u>
Present value of hire-purchase payables	<u>702,456</u>	<u>508,133</u>	<u>741,029</u>

	Present value of minimum hire-purchase payments		
	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Amounts payable under hire-purchase arrangements:			
Within one year	190,162	154,126	232,836
In the second to fifth year inclusive	500,590	354,007	508,193
After fifth year	<u>11,704</u>	<u>-</u>	<u>-</u>
Present value of hire-purchase payables	702,456	508,133	741,029
Less: Amount due within 12 months (shown under current liabilities)	<u>(190,162)</u>	<u>(154,126)</u>	<u>(232,836)</u>
Non-current portion	<u>512,294</u>	<u>354,007</u>	<u>508,193</u>
(Forward)			

The non-current portion is repayable as follows:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Financial years ending June 30:			
2014	-	-	154,185
2015	-	149,237	149,238
2016	192,306	130,690	130,690
2017	152,943	74,080	74,080
2018	83,687	-	-
2019	60,507	-	-
2020 and above	22,851	-	-
	<u>512,294</u>	<u>354,007</u>	<u>508,193</u>

It is the policy of the Group to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for these hire-purchase arrangements ranged from 5 to 7 years (30.6.2013: 3 to 5 years, 1.7.2012: 3 to 5 years) and their effective borrowing rates ranged from 4.52% to 8.68% (2013: 4.22% to 7.87%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The hire-purchase payables of the Group are secured by the assets under hire-purchase.

34. BORROWINGS

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Secured:			
Short-term revolving credits	5,625,000	6,000,000	6,500,000
Term loans	5,505,769	139,972	369,288
Bankers' acceptances	5,066,000	6,065,000	7,181,000
Bank overdrafts	3,647,537	7,598,840	3,937,516
Trust receipts	716,691	95,765	297,242
	<u>20,560,997</u>	<u>19,899,577</u>	<u>18,285,046</u>
Amount due within 12 months (shown under current liabilities)	<u>(15,128,605)</u>	<u>(19,797,002)</u>	<u>(18,145,074)</u>
Non-current portion	<u>5,432,392</u>	<u>102,575</u>	<u>139,972</u>

The non-current portion is repayable as follows:

	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Financial years ending June 30:			
2014	-	-	37,397
2015	-	39,507	39,507
2016	74,514	37,029	37,029
2017	67,970	25,323	25,323
2018	44,036	716	716
2019	58,241	-	-
2020 and above	5,187,631	-	-
	<u>5,432,392</u>	<u>102,575</u>	<u>139,972</u>

(Forward)

The Group has five (5) term loans:

- (a) a five (5) year term loan of RM73,500 (30.6.2013: RM73,500, 1.7.2012:RM73,500) repayable by equal monthly instalments commencing August 1, 2011;
- (b) a five (5) year term loan of RM113,935 (30.6.2013: RM113,935, 1.7.2012: RM113,935) repayable by equal monthly instalments commencing July 1, 2012;
- (c) a five (5) year term loan of RM119,861 (30.6.2013: Nil, 1.7.2012; Nil) repayable by equal monthly instalments commencing June 1, 2014;
- (d) a five (5) year term loan of RM95,900 (30.6.2013: Nil, 1.7.2012; Nil) repayable by equal monthly instalments commencing July 1, 2014; and
- (e) a five (5) year term loan of RM7,000,000 (30.6.2013: Nil, 1.7.2012; Nil) which is repayable by equal monthly instalments commencing after the full drawdown of the term loan. As of June 30, 2014, the Group has yet to fully drawdown the said facility.

The average effective interest rates per annum are as follows:

	The Group	
	2014	2013
	%	%
Bank overdrafts	6.20	6.90
Short-term revolving credits	4.85	4.88
Term loans	7.15	5.57
Bankers' acceptances	3.30	3.14
Trust receipts	8.35	8.35

The above borrowings which form part of total banking facilities of approximately RM46.77 million (30.6.2013: RM36.01 million, 1.7.2012: RM23.67 million) granted to subsidiaries are secured by the freehold and leasehold land and certain buildings, investment properties, land held for property development, property development projects and fixed deposits of the subsidiaries concerned (as mentioned in Notes 14, 15, 16, 25 and 30), corporate guarantees provided by the Company of approximately RM22.00 million (30.6.2013: RM22.94 million, 1.7.2012: RM29.07 million) and a debenture with fixed and floating charges over the present and future assets of a subsidiary.

35. DEFERRED TAX ASSETS/(LIABILITIES)

Certain deferred tax assets and deferred tax liabilities have been offset in accordance with the accounting policy of the Group. The following is the analysis of the deferred tax balances (after offset) for presentation purposes:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Deferred tax assets	<u>4,253,000</u>	<u>4,253,000</u>	<u>4,253,000</u>
Deferred tax liabilities	<u>(4,744,651)</u>	<u>(5,078,882)</u>	<u>(1,824,501)</u>

(Forward)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects on the following:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Deferred tax liabilities (before offsetting):			
Temporary differences arising from:			
Property, plant and equipment	945,000	1,049,000	1,424,000
Surplus arising from revaluation of certain properties and timber concessions of the subsidiary	<u>4,744,651</u>	<u>5,078,882</u>	<u>1,824,501</u>
	5,689,651	6,127,882	3,248,501
Offsetting	<u>(945,000)</u>	<u>(1,049,000)</u>	<u>(1,424,000)</u>
Deferred tax liabilities (after offsetting)	<u>4,744,651</u>	<u>5,078,882</u>	<u>1,824,501</u>
Deferred tax assets (before offsetting):			
Temporary differences arising from:			
Unabsorbed tax capital allowances and unutilised tax losses	5,198,000	5,302,000	5,677,000
Offsetting	<u>(945,000)</u>	<u>(1,049,000)</u>	<u>(1,424,000)</u>
Deferred tax assets (after offsetting)	<u>4,253,000</u>	<u>4,253,000</u>	<u>4,253,000</u>

The movement of deferred tax assets and deferred tax liabilities during the financial year are as follows:

Deferred tax assets

The Group	2014	2013
	RM	RM
At beginning and end of year	<u>4,253,000</u>	<u>4,253,000</u>

Deferred tax liabilities

The Group	2014	2013
	RM	RM
At beginning of year	(5,078,882)	(1,824,501)
Arising through business combination (Note 20)	-	(4,535,000)
Credit to profit or loss for the year (Note 11):		
Crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment and timber concession	<u>334,231</u>	<u>1,280,619</u>
At end of year	<u>(4,744,651)</u>	<u>(5,078,882)</u>

(Forward)

As of June 30, 2014, the amounts of deductible temporary differences, unused tax losses and unused tax credits of the Group which are not recognised in the financial statements, are as follows:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Unutilised tax losses and unabsorbed tax capital allowances	<u>50,600,000</u>	<u>51,500,000</u>	<u>53,700,000</u>
The Company			
Unutilised tax losses and unabsorbed tax capital allowances	<u>3,000,000</u>	<u>1,900,000</u>	<u>1,600,000</u>

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The tax effect of the above estimated amount of unutilised tax losses and unabsorbed tax capital allowances are not recognised in the financial statements due to uncertainty of their realisation. The unutilised tax losses and unabsorbed tax capital allowances are available for offset against future chargeable income.

36. TRADE AND OTHER PAYABLES

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Trade payables	1,158,937	420,622	234,454
Other payables	<u>404,981</u>	<u>294,302</u>	<u>546,762</u>
	1,563,918	714,924	781,216
Amount due to customers under construction contracts (Note 27)	<u>2,732,531</u>	<u>245,729</u>	<u>-</u>
	<u>4,296,449</u>	<u>960,653</u>	<u>781,216</u>
The Company			
Other payables	<u>48,660</u>	<u>20,334</u>	<u>50,880</u>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The term granted to the Company for trade purchases ranged from 30 to 60 days (30.6.2013: 30 to 60 days, 1.7.2012: 30 to 120 days). These amounts are non-interest bearing. The Company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

Other payables are unsecured, interest-free and are repayable upon demand.

Transactions with related parties are disclosed in Note 28.

37. ADVANCED BILLINGS

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Progress billings to-date	4,177,720	-	-
Revenue recognised in profit or loss to-date	(2,329,461)	-	-
	<u>1,848,259</u>	<u>-</u>	<u>-</u>

38. OTHER LIABILITIES

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Deposits received	287,348	13,000	819,500
Accrued expenses	482,851	630,146	917,569
	<u>770,199</u>	<u>643,146</u>	<u>1,737,069</u>
The Company			
Accrued expenses	<u>107,177</u>	<u>229,553</u>	<u>529,200</u>

Include in deposits received of the Group is an amount of RM128,927 (30.6.2013: Nil, 1.7.2012: RM806,500) being down payments received from customers under construction contract.

39. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT*Categories of financial instruments*

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
<i>Financial assets</i>			
Loans and receivables:			
Investment in unquoted preference shares	5,000,000	5,000,000	5,000,000
Advances for log purchases	17,986,132	19,530,882	19,548,731
Trade and other receivables	10,176,779	6,771,295	14,528,906
Amount owing by an associate	33,261,562	32,464,456	35,497,579
Cash and cash equivalents - fixed deposits, cash and bank balances	<u>3,510,978</u>	<u>432,214</u>	<u>200,024</u>
<i>Financial liabilities</i>			
Other financial liabilities:			
Trade and other payables	1,563,918	714,924	781,216
Amount owing to an associate	-	-	873,768
Hire-purchase payables	702,456	508,133	741,029
Borrowings	20,560,997	19,899,577	18,285,046
Other liabilities	<u>611,272</u>	<u>643,146</u>	<u>930,569</u>

(Forward)

	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
The Company			
<i>Financial assets</i>			
Loans and receivables:			
Trade and other receivables	69,550	69,550	7,177,098
Amount owing by subsidiaries	21,859,824	17,863,873	11,066,868
Amount owing by an associate	31,483,676	31,307,316	35,497,579
Cash and cash equivalents - fixed deposits, cash and bank balances	<u>29,086</u>	<u>83,013</u>	<u>24,976</u>
<i>Financial liabilities</i>			
Other financial liabilities:			
Trade and other payables	48,660	20,334	50,880
Amount owing to subsidiaries	6,278,263	1,346,000	-
Other liabilities	<u>107,177</u>	<u>229,553</u>	<u>529,200</u>

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitor the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks.

Foreign currency risk management

The Group transacts business in foreign currencies including United States Dollar, Australian Dollar and Euro and therefore, is exposed to foreign currency risk. The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period are disclosed in Notes 26 and 30.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of United States Dollar, Australian Dollar and Euro. The management considers that the impact of other currencies to be minimal.

The following table details the sensitivity of the Group to a 5% increase and decrease (2013: 5% increase and decrease) in Ringgit Malaysia ("RM") against the relevant foreign currencies. The sensitivity rate of 5% (2013: 5%) is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates in the next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates. A negative number below indicates an increase in loss/a decrease in profit, net of tax where RM strengthens 5% against the respective currencies. For a 5% weakening of RM against the respective currencies there would be a decrease in the loss/an increase in profit, net of tax, and the balances below would be positive.

(Forward)

The Group	2014 RM	2013 RM
Australian Dollar	(7,000)	(4,000)
United States Dollar	(3,000)	(19,000)

The above impacts are mainly attributable to the exposure on the respective currencies on receivables and cash and cash equivalents outstanding at the end of the reporting period in the Group. In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure of the Group for the full financial year.

Credit risk management

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position. The Group does not hold any collateral on the balances outstanding.

The Group established policies on credit control which involves regular review of customers' outstanding balances and payment trends.

For sale of goods, the Group transacted with various customers located on different continents of the world such as Europe, Australia, North America and Asia and does not consider the concentration of credit risk as significant.

The Group does not have any significant credit risk from its construction contract activities as its services and products are rendered to customers located widely across different states of Malaysia.

The table below shows the exposure of credit risk of the Group arising from trade receivables at the end of the reporting period:

The Group	30.6.2014 RM	30.6.2013 RM	1.7.2012 RM
Malaysia	6,059,223	1,997,683	3,553,091
Australia	191,336	312,865	64,375
Europe	-	144,992	162,537
Others	95,425	151,251	215,031
	<u>6,345,984</u>	<u>2,606,791</u>	<u>3,995,034</u>
	30.6.2014 %	30.6.2013 %	1.7.2012 %
Malaysia	95	76	89
Australia	3	12	2
Europe	-	6	4
Others	2	6	5
	<u>100</u>	<u>100</u>	<u>100</u>

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 basis points lower/higher (2013: 100 basis points lower/higher), with all other variables held constant, the Group's (loss)/profit net of tax would have been RM151,000 (2013: RM143,000) lower/higher (2013: higher/lower) arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.

Liquidity and cash flow risks management

The Group and the Company manage continuously to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The Group's and the Company's principal source of liquidity has historically been cash flows from operations and funds obtained from long and short-term borrowings. The Group and the Company have applied a significant portion of their cashflows to fund their capital expenditures and working capital.

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by their suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months. The Group and the Company may consider opportunities to obtain additional funds to support their working capital requirements and capital expenditures, or may seek to raise additional funds through equity financing.

The Group have credit facilities of approximately RM25.65 million (2013: RM12.28 million) which are unused at the end of the reporting period. The Group expects to meet their financial obligations from their operating cash flows and proceeds from maturing financial assets.

The maturity profile of the Group's and the Company's non-derivative financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

The Group 30.6.2014	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Investment in unquoted preference shares	500,000	5,500,000	-	6,000,000
Advances for log purchases	18,164,727	696,414	-	18,861,141
Trade and other receivables	10,176,779	-	-	10,176,779
Amount owing by an associate	7,777,886	30,666,506	-	38,444,392
Fixed deposits, cash and bank balances	3,511,608	-	-	3,511,608
Total undiscounted non-derivative financial assets	40,131,000	36,862,920	-	76,993,920
Non-derivative financial liabilities:				
Trade and other payables	1,563,918	-	-	1,563,918
Hire-purchase payables	227,098	552,102	12,050	791,250
Borrowings	15,151,708	6,201,075	-	21,352,783
Other liabilities	611,272	-	-	611,272
Total undiscounted non-derivative financial liabilities	17,553,996	6,753,177	12,050	24,319,223
Total net undiscounted non-derivative financial assets/(liabilities)	22,577,004	30,109,743	(12,050)	52,674,697
The Group 30.6.2013				
Investment in unquoted preference shares	1,000,000	6,500,000	-	7,500,000
Advances for log purchases	13,325,000	7,336,141	-	20,661,141
Trade and other receivables	5,771,295	-	-	5,771,295
Amount owing by an associate	15,077,658	19,200,000	3,657,765	37,935,423
Fixed deposits, cash and bank balances	432,214	-	-	432,214
Total undiscounted non-derivative financial assets	35,606,167	33,036,141	3,657,765	72,300,073
Non-derivative financial liabilities:				
Trade and other payables	714,924	-	-	714,924
Hire-purchase payables	180,805	382,140	-	562,945
Borrowings	19,803,764	110,493	-	19,914,257
Other liabilities	643,146	-	-	643,146
Total undiscounted non-derivative financial liabilities	21,342,639	492,633	-	21,835,272
Total net undiscounted non-derivative financial assets	14,263,528	32,543,508	3,657,765	50,464,801

The Group	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
1.7.2012				
Non-derivative financial assets:				
Investment in unquoted preference shares	500,000	7,000,000	-	7,500,000
Advances for log purchases	6,696,414	15,031,154	-	21,727,568
Trade and other receivables	6,921,208	7,107,698	-	14,028,906
Amount owing by an associate	11,003,298	23,897,220	8,457,765	43,358,283
Fixed deposits, cash and bank balances	200,024	-	-	200,024
Total undiscounted non-derivative financial assets	25,320,944	53,036,072	8,457,765	86,814,781
Non-derivative financial liabilities:				
Trade and other payables	781,216	-	-	781,216
Amount owing to an associate	873,768	-	-	873,768
Hire-purchase payables	270,935	562,945	-	833,880
Borrowings	18,168,566	154,095	-	18,322,661
Other liabilities	930,569	-	-	930,569
Total undiscounted non-derivative financial liabilities	21,025,054	717,040	-	21,742,094
Total net undiscounted non-derivative financial assets	4,295,890	52,319,032	8,457,765	65,072,687
The Company				
30.6.2014				
Non-derivative financial assets:				
Trade and other receivables	69,550	-	-	69,550
Amount owing by subsidiaries	21,859,824	-	-	21,859,824
Amount owing by an associate	6,000,000	30,666,506	-	36,666,506
Cash and bank balances	29,086	-	-	29,086
Total undiscounted non-derivative financial assets	27,958,460	30,666,506	-	58,624,966
Non-derivative financial liabilities:				
Amount owing to subsidiaries	6,278,263	-	-	6,278,263
Trade and other payables	48,660	-	-	48,660
Other liabilities	107,177	-	-	107,177
Total undiscounted non-derivative financial liabilities	6,434,100	-	-	6,434,100
Total net undiscounted non-derivative financial assets	21,524,360	30,666,506	-	52,190,866

(Forward)

The Company 30.6.2013	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	69,550	-	-	69,550
Amount owing by subsidiaries	17,863,873	-	-	17,863,873
Amount owing by an associate	13,920,518	19,200,000	3,657,765	36,778,283
Cash and bank balances	83,013	-	-	83,013
Total undiscounted non-derivative financial assets	31,936,954	19,200,000	3,657,765	54,794,719
Non-derivative financial liabilities:				
Amount owing to subsidiaries	1,346,000	-	-	1,346,000
Trade and other payables	20,334	-	-	20,334
Other liabilities	229,553	-	-	229,553
Total undiscounted non-derivative financial liabilities	1,595,887	-	-	1,595,887
Total net undiscounted non-derivative financial assets	30,341,067	19,200,000	3,657,765	53,198,832
The Company 1.7.2012				
Non-derivative financial assets:				
Trade and other receivables	69,400	7,107,698	-	7,177,098
Amount owing by subsidiaries	11,066,868	-	-	11,066,868
Amount owing by an associate	11,003,298	23,897,220	8,457,765	43,358,283
Cash and bank balances	24,976	-	-	24,976
Total undiscounted non-derivative financial assets	22,164,542	31,004,918	8,457,765	61,627,225
Non-derivative financial liabilities:				
Trade and other payables	50,880	-	-	50,880
Other liabilities	529,200	-	-	529,200
Total undiscounted non-derivative financial liabilities	580,080	-	-	580,080
Total net undiscounted non-derivative financial assets	21,584,462	31,004,918	8,457,765	61,047,145

The Group and the Company have not committed to any derivative financial instruments during the financial year.

Capital risk management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group while the capital structure of the Company consists of equity. The Group and the Company are not subject to any externally exposed capital requirements.

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

The Group	30.6.2014	30.6.2013	1.7.2012
	RM	RM	RM
Debt ⁽ⁱ⁾	21,263,453	20,407,710	19,026,075
Fixed deposits, cash and bank balances	<u>(3,510,978)</u>	<u>(432,214)</u>	<u>(200,024)</u>
Net debt	<u>17,752,475</u>	<u>19,975,496</u>	<u>18,826,051</u>
Equity ⁽ⁱⁱ⁾	<u>96,826,961</u>	<u>99,300,407</u>	<u>98,824,782</u>
Net debt to equity ratio	<u>0.18</u>	<u>0.20</u>	<u>0.19</u>

(i) Debt is defined as total hire-purchase payables and borrowings.

(ii) Equity includes all capital and reserves that are managed as capital.

Fair Values of Financial Instruments

The carrying amounts of short-term financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of term loans of the Group are included in Level 2 category of the fair value hierarchy in accordance with FRS 7 *Financial Instruments: Disclosure* and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of term loan arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans.

The fair values of obligations under finance lease of the Group are included in Level 2 category of the fair value hierarchy in accordance with FRS 7 *Financial Instruments: Disclosure* and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of finance lease arrangements and approximate their carrying amounts.

(Forward)

Fair value hierarchy

Fair value of non-current financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required)

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
The Group				
30.6.2014				
<i>Financial Assets</i>				
Loans and receivables:				
Investment in unquoted preference shares	-	-	5,224,446	5,224,446
Advances for log purchases	-	-	17,500,050	17,500,050
Amount owing by an associate	-	-	32,270,644	32,270,644

The Group
30.6.2013

*Financial Assets***Loans and receivables:**

Investment in unquoted preference shares	-	-	5,441,523	5,441,523
Advances for log purchases	-	-	18,673,772	18,673,772
Amount owing by an associate	-	-	31,131,255	31,131,255

The Group
1.7.2012

*Financial Assets***Loans and receivables:**

Investment in unquoted preference shares	-	-	4,962,285	4,962,285
Advances for log purchases	-	-	17,752,560	17,752,560
Amount owing by an associate	-	-	32,804,362	32,804,362
Trade and other receivables	-	-	4,373,418	4,373,418

The fair values of the non-financial assets included in Level 3 category above are estimated using discounted cash flow analysis based on the weighted average cost of capital of 7.50% (30.6.2013: 7.80%, 1.7.2012: 10.20%) of the Group.

40. STATEMENTS OF CASH FLOWS**(a) Purchase of property, plant and equipment**

Property, plant and equipment were acquired by the following means:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash purchase	392,584	279,431	2,439	-
Hire-purchase financing	416,400	-	-	-
	<u>808,984</u>	<u>279,431</u>	<u>2,439</u>	<u>-</u>

The principal amount of instalment repayment for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

(Forward)

(b) Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits	20,000	166,250	-	-
Cash and bank balances	3,490,978	265,964	29,086	83,013
	3,510,978	432,214	29,086	83,013
Less: fixed deposits held on lien	(20,000)	(166,250)	-	-
	3,490,978	265,964	29,086	83,013

41. CAPITAL COMMITMENT

As of June 30, 2014, the Group has the following commitment in respect of property, plant and equipment:

	The Group	
	2014 RM	2013 RM
Capital expenditure: Approved and contracted for	1,500,000	-

42. SUBSEQUENT EVENTS

Subsequent to the financial year, the Company proposed to undertake the following:

- (i) proposed diversification of the principal activities of the Company and its subsidiaries to include property development;
- (ii) proposed joint venture between Maju Weko Timber Industries Sdn. Bhd., a wholly-owned subsidiary of the Company, and Kampung Kenayat Sdn. Bhd. to jointly develop thirty-eight (38) parcels of leasehold mixed development land, measuring in aggregate 96,785 square metres ("sq m"), all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan into a mixed-use development under Phase 1 to Phase 5;
- (iii) proposed reduction of the existing issued and paid-up share capital of the Company via the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 to RM0.20 each pursuant to Section 64 of the Companies Act, 1965 ("Act");
- (iv) proposed renounceable rights issue of up to 161,165,602 new shares on the basis of two (2) Rights Shares for every three (3) existing shares held after the Proposed Par Value Reduction of the Company, together with up to 201,457,002 free detachable warrants ("Warrants") on the basis of five (5) Warrants for every four (4) Rights Shares subscribed at an entitlement date to be determined later ("Entitlement Date") and at an issue price to be determined later; and
- (v) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the implementation of the Proposed Par Value Reduction.

43. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of June 30, 2014 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries				
Realised	49,114,728	29,974,452	43,754,928	44,614,007
Unrealised	<u>(489,628)</u>	<u>(834,488)</u>	<u>-</u>	<u>-</u>
	48,625,100	29,139,964	43,754,928	44,614,007
Add: Consolidation adjustments	<u>(77,436,435)</u>	<u>(55,477,853)</u>	<u>-</u>	<u>-</u>
Net (accumulated loss)/retained earnings as per statements of financial position	<u>(28,811,335)</u>	<u>(26,337,889)</u>	<u>43,754,928</u>	<u>44,614,007</u>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.

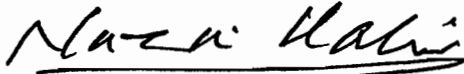
LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **LEWEKO RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of June 30, 2014 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors,



**DATO' SERI HAJI MOHAMED PAKRI @
MOHAMED NAZRI BIN HAJI ABDUL RAHIM**



ABD AZIZ BIN JANTAN

Ipoh, Perak Darul Ridzuan

28 OCT 2014

LEWEKO RESOURCES BERHAD
(Incorporated in Malaysia)

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE COMPANY**

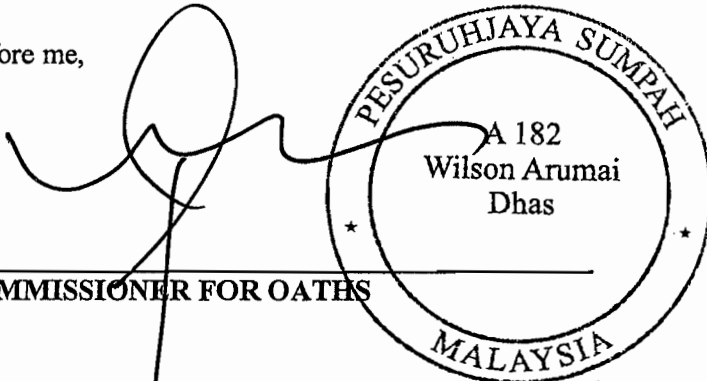
I, **LOONG DING TONG**, the officer primarily responsible for the financial management of **LEWEKO RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



LOONG DING TONG

Subscribed and solemnly declared by the abovenamed
LOONG DING TONG at Ipoh in Perak Darul Ridzuan
on day of **28 OCT 2014**

Before me,




COMMISSIONER FOR OATHS

No. 4, Medan Istana 3,
Bandar Ipoh Raya,
30000 Ipoh, Perak.

**UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE NINE (9)-
MONTH FPE 31 MARCH 2015**

LEWEKO RESOURCES BERHAD
Company No. 568420-K
(Incorporated in Malaysia)

CERTIFIED TRUE COPY


Abd Aziz bin Jastan
Executive Director
Leweko Resources Berhad

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	As At 31.3.2015 RM'000 (Unaudited)	As At 30.6.2014 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	17,692	17,317
Product development costs	2,468	2,632
Investment properties	9,433	10,130
Property development expenditure	6,225	4,695
Investment in unquoted shares	5,000	5,000
Timber concessions	599	599
Amount owing by an associated company	20,105	27,708
Deferred tax assets	4,253	4,253
Goodwill on consolidation	4,535	4,535
Advances for log purchases	18,748	17,986
Total non-current assets	89,058	94,855
Current Assets		
Property development expenditure	15,640	5,872
Inventories	5,933	5,951
Amount owing by an associated company	13,347	5,553
Trade and other receivables	7,044	12,828
Current tax assets	16	15
Other assets	4,899	1,502
Fixed deposits, cash and bank balances	1,087	3,511
Total current assets	47,966	35,232
Total assets	137,024	130,087
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	120,874	120,874
Share premium	4,764	4,764
Retained earnings	(27,454)	(28,812)
Equity attributable to owners of the Parent	98,184	96,826
Non-controlling interest	1,532	148
Total equity	99,716	96,974
Non-Current Liabilities		
Hire-purchase payables	488	512
Borrowings	8,551	5,432
Deferred tax liabilities	4,736	4,745
Total non-current liabilities	13,775	10,689

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015***[CONTINUED]*

	As At 31.3.2015 RM'000 (Unaudited)	As At 30.6.2014 RM'000 (Audited)
Current Liabilities		
Trade and other payables	3,372	4,297
Advanced billing	1,923	1,848
Hire-purchase payables	225	190
Borrowings	17,038	15,129
Current tax liabilities	485	190
Other liabilities	490	770
Total current liabilities	23,533	22,424
Total liabilities	37,308	33,113
Total equity and liabilities	137,024	130,087
Net Assets per Share (RM)	0.41	0.40

*The accompanying Notes to Interim Financial Report form an integral part of the
Condensed Consolidated Statement of Financial Position*

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FINANCIAL QUARTER ENDED 31 MARCH 2015
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2015 RM'000	Preceding Year Corresponding Quarter 31.3.2014 RM'000	Current Year To Date 31.3.2015 RM'000	Preceding Year Corresponding Period 31.3.2014 RM'000
Revenue	6,332	6,821	24,919	19,628
Investment revenue	739	592	2,957	2,484
Other gains and losses	11	10	13	97
Other operating income	23	19	39	20
Changes in inventories of finished goods and work-in-progress	(855)	(307)	(206)	(929)
Raw materials and consumables used	(2)	(191)	(26)	(602)
Employee benefits expenses	(1,640)	(1,520)	(4,348)	(3,748)
Depreciation of property, plant and equipment	(402)	(406)	(1,209)	(1,229)
Amortisation of intangible assets	(55)	(55)	(165)	(165)
Amortisation of timber concession	-	-	-	(1,290)
Property development expenditure	(1,569)	(1,346)	(3,325)	(1,346)
Contract cost recognized	(1,809)	(2,193)	(8,917)	(6,548)
Other operating expenses	(169)	(913)	(5,888)	(4,710)
Profit from operations	604	511	3,844	1,662
Finance costs	(266)	(221)	(816)	(708)
Profit before tax	338	290	3,028	954
Tax (expense)/credit	(42)	3	(286)	331
Net profit and total comprehensive income for the financial year end	296	293	2,742	1,285
Profit and total comprehensive profit attributable to:				
Owners of the parent	21	86	1,358	931
Non-controlling interest	275	207	1,384	354
	296	293	2,742	1,285
Basic/diluted earnings per share attributable to owners of the parent (sen)	0.01	0.04	0.56	0.39

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Comprehensive Income

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL QUARTER ENDED 31 MARCH 2015
(UNAUDITED)**

	Share Capital RM'000	Retained Earnings RM'000	Share Premium RM'000	Attributable to owners of the Parent Distributable	Non- controlling Interest RM'000	Total RM'000
2014						
At 1 July 2014	120,874	(28,812)	4,764		148	96,974
Net profit and total comprehensive income for the financial year end	-	1,358	-		1,384	2,742
At 31 March 2015	120,874	(27,454)	4,764		1,532	99,716
2013						
At 1 July 2013	120,874	(26,338)	4,764		(438)	98,862
Net profit and total comprehensive income for the financial period	-	(2,474)	-		586	(1,888)
At 30 June 2014	120,874	(28,812)	4,764		148	96,974

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Changes in Equity

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FINANCIAL QUARTER ENDED 31 MARCH 2015
(UNAUDITED)

	Current Year To Date 31.3.2015 RM'000	Preceding Year Corresponding Period 30.6.2014 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(loss) for the year end	2,742	(1,888)
Adjustments for:		
Amortisation of timber concession	-	1,290
Write down of inventories	-	683
Depreciation of property, plant and equipment	1,299	1,750
Finance costs	816	1,140
Amortisation of intangible assets	165	219
Inventories written off	-	3
Unrealised gain on foreign currency exchange	16	2
Income tax expense/(credit) recognised in profit or loss	286	(144)
Interest arising from amortization of financial assets	(2,457)	(3,466)
Fair value adjustments on reassessment of financial assets	-	2,923
Dividend income from preference shares	(500)	(500)
Gain on disposal of property, plant and equipment	(3)	(36)
Property, plant and equipment written off	14	-
Impairment losses reversed on receivables	-	(20)
Interest income	-	(6)
	<hr/> 2,378	<hr/> 1,950
Movements in working capital:		
(Increase)/Decrease in:		
Property development projects	(8,731)	(1,004)
Inventories	18	1,070
Trade and other receivables	4,399	(6,421)
Accrued billing	-	277
Amount owing by an associate	1,504	(509)
Other assets	(3,397)	376
(Decrease)/Increase in:		
Trade and other payables	(925)	3,336
Advanced billing	75	1,848
Other liabilities	(280)	159
Cash From/(Used In) Operations	<hr/> (4,959)	<hr/> 1,082
Interest income received	-	2
Income tax refunded	-	4
Income tax paid	(2)	(3)
Net Cash From/(Used In) Operating Activities	<hr/> (4,961)	<hr/> 1,085

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL QUARTER ENDED 31 MARCH 2015**(UNAUDITED)
[CONTINUED]

	Current Year To Date 31.3.2015 RM'000	Preceding Year Corresponding Period 30.6.2014 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3	114
Interest received on fixed deposits	-	6
Dividend received	-	1,500
Advances of logs purchases refunded	-	2,200
Advances of logs purchases	-	(400)
Purchase of property, plant and equipment	(1,689)	(393)
Additions to investment properties	-	(195)
Additions to land held for property development	-	(95)
Uplift/(placement) of fixed deposits	(286)	146
Net Cash From/(Used In) Investing Activities	(1,972)	2,883
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Finance costs paid	(816)	(1,140)
Proceeds/(Repayment of) bankers' acceptances and trust receipts	476	(378)
Repayment of term loans	(57)	(40)
Proceeds from term loans	3,465	5,374
(Repayment of)/Proceeds from hire-purchase payables – net	11	(230)
(Repayment of)/Proceeds from bank overdraft	1,268	(3,951)
(Repayment of)/Proceeds from short-term revolving credits	(125)	(375)
Net Cash From/(Used In) Financing Activities	4,222	(740)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,711)	3,228
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3,491	266
Effect of exchange rate changes on the balance of cash held in foreign currencies	-	(3)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	780	3,491
Cash and cash equivalents comprise:		
Bank and cash balances	780	3,491
Fixed deposits	306	20
	1,086	3,511
Fixed deposits pledged for banking facilities	(306)	(20)
	780	3,491

*The accompanying Notes to Interim Financial Report form an integral part of the
Condensed Consolidated Statement of Cash Flows*

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015**

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The preparation of an interim financial report in conformity with MFRS 134: Interim Financial Reporting, requires management to make judgements, 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 interim financial report should be read in conjunction with the audited financial statements for the financial period ended 30 June 2014. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2014. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with MFRSs.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those in the audited financial statements for the financial year ended 30 June 2014, except for the adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs with effect from 1 July 2014:

MFRS 2	Share-based Payment - Fair Value Measurement - Annual Improvements to MFRSs 2010-2012 Cycle [Amendments to MFRS 2]
MFRS 3	Business Combinations – Annual Improvements to MFRSs 2010-2012 Cycle [Amendments to MFRS 3] Business Combinations – Annual Improvements to MFRSs 2011-2013 Cycle [Amendments to MFRS 3]
MFRS 8	Operating Segments - Annual Improvements to MFRSs 2010-2012 Cycle [Amendments to MFRS 8]
MFRS 13	Fair Value Measurement - Annual Improvements to MFRSs 2011-2013 Cycle [Amendments to MFRS 13]
MFRS 116	Property, Plant and Equipment – Annual Improvements 2010-2012 Cycle [Amendments to MFRS 116]
MFRS 119	Defined Benefit Plans : Employee Contributions [Amendments to MFRS 119]
MFRS 124	Related Party Disclosures Joint Arrangements - Annual Improvements to MFRSs 2010-2012 Cycle [Amendments to MFRS 124]
MFRS 138	Intangible Assets - Annual Improvements to MFRSs 2010-2012 Cycle [Amendments to MFRS 138]
MFRS 140	Investment Property - Annual Improvements to MFRSs 2011-2013 Cycle [Amendments to MFRS 140]

The Board anticipates that the adoption of these MFRSs, IC Interpretations and Amendments to MFRSs will have no material financial impact on the financial statements of the Group.

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015**

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 30 June 2014 was not qualified.

4. Seasonality or Cyclical Factors

The Group's performance could be affected by the rainy season during which its logging and log trading activities would be hampered.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

6. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial quarter or prior financial years that have had a material effect in the current financial quarter.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current financial quarter.

8. Dividends Paid

No dividends have been paid during the current financial year to date.

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015****9. Segmental Information****(a) Segment Revenue**

	Current Financial Quarter			Current Financial Year To Date		
	External RM'000	Inter-segment RM'000	Total RM'000	External RM'000	Inter-segment RM'000	Total RM'000
Log trading, sawn and moulded timber	295	-	295	4,175	-	4,175
Precast concrete products	3,057	-	3,057	13,614	-	13,614
Property development	2,980	-	2,980	7,130	-	7,130
Others	84	(84)	-	252	(252)	-
	6,416	(84)	6,332	25,171	(252)	24,919

(b) Segment Results

Log trading, sawn and moulded timber	RM'000	RM'000
Precast concrete products	(1,126)	(2,470)
Property development	602	2,918
Others	986	2,717
	142	679
Finance costs	604	3,844
Profit before tax	(266)	(816)
Tax expense	338	3,028
Profit after tax	(42)	(286)
	296	2,742

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015**

10. Valuations of Property, Plant and Equipment

There were no valuations of property, plant and equipment brought forward from the previous annual financial statements. The property, plant and equipment are stated at their historical cost less accumulated depreciation.

11. Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter which has not been reflected in the interim financial report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities or contingent assets since the end of the last financial period.

14. Capital Commitments

The Group has no capital commitments as at the end of the current financial quarter.

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015****15. Performance Review**

For the quarter under review, The Group registered consolidated revenue and profit before tax ("PBT") of RM6.33 million and RM0.30 million respectively as compared to a revenue of RM6.82 million and PBT of RM0.29 million in the preceding year's corresponding quarter. The Group recorded lower revenue mainly due to the lower revenue recognised in the timber division. However, PBT increased slightly from RM0.29 million to RM0.30 million mainly contributed by the better performance in the precast concrete and property division.

The timber division recorded revenue of RM0.30 million, a decrease of 77.1% from RM1.31 million recorded in the preceding year's corresponding quarter. The decrease in revenue was mainly due to the lower log trading activities as compared to the preceding year's corresponding quarter. As the results, this division recorded loss before tax ("LBT") of RM1.13 million as compared to LBT of RM0.73 million in the preceding year's corresponding quarter.

The precast concrete division recorded revenue of RM3.06 million, a decrease of 10.5% from RM3.42 million recorded in the preceding year's corresponding quarter. This was mainly due to the lower workdone during the current financial quarter. However, this division recorded a higher PBT of RM0.60 million as compared to the PBT of RM0.42 million in the preceding year's corresponding quarter contributed by the better margin achieved from the projects completed during the quarter under review.

The property division recorded revenue of RM2.98 million, an increase of 42.6% from RM2.09 million recorded in the preceding year's corresponding quarter. This division recorded a PBT of RM0.99 million as compared to the PBT of RM0.71 million in the preceding year's corresponding quarter in tandem with the increase in revenue.

16. Comparison of Results with Preceding Quarter

For the quarter under review, the Group registered consolidated revenue and PBT of RM6.33 million and RM0.30 million respectively as compared to a revenue of RM10.87 million and PBT of RM2.27 million in the preceding quarter. The Group recorded lower revenue and PBT in the current quarter mainly due to the weaker performance in the timber division and precast concrete division.

The timber division recorded revenue of RM0.30 million, as compared to the revenue of RM2.54 million recorded in the preceding quarter. This division recorded a LBT of RM1.13 million as compared to the LBT of RM0.28 million recorded in the preceding quarter mainly due to the lower log trading activities as compared to the preceding quarter.

The precast concrete division recorded revenue of RM3.06 million, a decrease of 45.1% from RM5.57 million recorded in the preceding quarter. This was mainly due to the lower workdone and shorter working hours during the current financial quarter. Accordingly, this division recorded a PBT of RM0.60 million as compared to the PBT of RM1.31 million in the preceding quarter.

The property division recorded revenue of RM2.98 million as compared to the revenue of RM2.76 million recorded in the preceding quarter. However, this division recorded a PBT of RM0.99 million as compared to the PBT of RM1.31 million in the preceding quarter mainly due to the higher costs incurred during the quarter under review.

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015****17. Commentary on Prospects**

The Group operates principally in trading of logs, manufacture and sale of sawn and moulded timber; precast concrete manufacturing; and property development.

The Group's timber division had been operating in a challenging environment due to weaker European demand for tropical hardwood and increasing operational costs. The weaker demand had contributed to the decline in the past few years. The Group had implemented measures to increase revenue as well as contain costs in order to maintain its competitiveness by amongst others, employing species selection and increasing sales in its downstream activities.

To reduce the Leweko Group's reliance on a single revenue stream, the Group acquired its precast concrete business in 2010 based on Ultra-High Performance 'ductile Concrete ("UHPdC") technology, which possess very high strength and ductile and can be applied in infrastructure projects, impact structures, prestress elements and buildings. Since the acquisition, this division continuously receiving new orders over the last few years and for the immediate future, the Group plans to increase the contribution of this division.

The Group launched its first project in Ipoh during the last financial year and plans to further expand its property development activities through a proposed joint venture with Kampung Kenayat Sdn. Bhd. under the corporate exercise as announced on 28 October 2014. The Group is of the opinion that diversifying into property development would offer good growth prospect for the Group in the long term given the industry's resilience. The additional revenue to be contributed from property development will provide the company with an additional source of earnings.

Given the above circumstances and measures taken by the Group, the Board is fairly confident the Group's performance will be improved in the near term.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax with profit forecast and shortfall in profit guarantee are not applicable.

19. Tax Expense

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Income tax		
Current financial year	-	(250)
Under provision in prior financial year	(45)	(45)
	(45)	(295)
Deferred taxation		
Current financial year	3	9
	(42)	(286)

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LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015**

20. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties during the current financial quarter.

21. Quoted Securities

- (a) There were no purchases or disposals of quoted securities during the current financial quarter.
- (b) The Group has no quoted securities as at the end of the current financial quarter.

22. Status of Corporate Proposals

On 28 October 2014, M&A Securities Sdn Bhd, on behalf of the Board of Directors, announced that the Company proposes to undertake the following proposals ("Proposal"):

- (i) proposed diversification of the principal activities of the Company and its subsidiaries to include property development
- (ii) proposed joint venture between our wholly owned subsidiary company, Maju Weko Timber Industries Sdn. Bhd. and Kampung Kenayat Sdn. Bhd. to jointly develop thirty-eight (38) parcels of leasehold mixed development land, measuring in aggregate 96,785 square metres, all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan into a mixed-use development under Phase 1 to Phase 5;
- (iii) proposed reduction of the existing issued and paid-up share capital of Leweko, via the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 to RM0.20 each pursuant to Section 64 of the Companies Act, 1965;
- (iv) proposed renounceable rights issue of up to 161,165,602 new Leweko Shares on the basis of two (2) Rights Shares for every three (3) existing Leweko Shares held after the Proposed Par Value Reduction, together with up to 201,457,002 free detachable warrants on the basis of five (5) Warrants for every four (4) new Leweko Shares subscribed on an entitlement date to be determined later and at an issue price to be determined later; and
- (v) proposed amendments to the Memorandum and Articles of Association of Leweko to facilitate the implementation of the Proposed Par Value Reduction.

On 12 December 2014, M&A Securities Sdn Bhd, on behalf of the Board of Directors, announced that Bursa Securities had, vide its letter dated 12 December 2014 ("Bursa Securities Letter"), resolved to approve the following:

- (a) Admission to the Official List and the listing of and quotation for up to 201,457,002 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (b) Listing of up to 161,165,602 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (c) Listing of up to 201,457,002 new Leweko Shares to be issued pursuant to the exercise of the Warrants.

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the conditions in Bursa Securities Letter.

On 5 February 2015, M&A Securities Sdn Bhd, on behalf of the Board of Directors, announced that the shareholders of Leweko had approved the Proposal at the Extraordinary General Meeting ("EGM") held on 5 February 2015.

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015****23. Borrowings and Debt Securities**

	Secured RM'000
Short term borrowings	17,263
Long term borrowings	9,039
	<u>26,302</u>

All of the above borrowings are denominated in Malaysian Ringgit.

24. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments as at 22 May 2015.

25. Changes in Material Litigations

The Group has no material litigations as at 22 May 2015.

26. Related Party Transactions

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Rental of premises paid to Limbongan Bersama Sdn. Bhd., a company in which certain directors of the Company have interests	27	81

27. Basic/Diluted Profit Per Share

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Net profit attributable to owners of the parent	21	1,358
Weighted average number of ordinary shares in issue ('000)	241,748	241,748
Basic/diluted profit per share (sen)	0.01	0.56

28. Dividends Payable

No interim dividend has been declared or recommended for the current financial quarter.

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2015****29. Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at the reporting date into realised and unrealised profits, is as follows:-

	As At 31.3.2015 RM'000	As At 30.6.2014 RM'000
Total retained earnings of the Leweko Resources Berhad and its subsidiary companies		
Realised	51,998	49,115
Unrealised	467	(490)
	<u>52,465</u>	<u>48,625</u>
Consolidated adjustments	(79,919)	(77,437)
Total Group's retained earnings as per statement of financial position	<u>(27,454)</u>	<u>(28,812)</u>

By order of the Board,

Chan Chee Kheong
Company Secretary

29 May 2015

DIRECTORS' REPORT



Registered Office
17-19, Lengkok Tasek Timur 1A
Pusat Perdagangan Tasek Indra
31400 Ipoh, Perak, Malaysia
Tel 605 548 6663 Fax 605 545 0088

Kuala Lumpur Corporate Office
Office Suite 34-5, 34th Floor
Wisma UOA II, No. 21 Jalan Pinang
50450 Kuala Lumpur
Tel 603 2163 8883 Fax 603 2168 8377
Email klco@leweko.com

Registered Office:

17-19, Lengkok Tasek Timur 1A
Pusat Perdagangan Tasek Indra
31400 Ipoh
Perak Darul Ridzuan

Date : **06 AUG 2015**

To: The Entitled Shareholders of Leweko Resources Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of Leweko Resources Berhad ("Leweko" or the "Company"), I wish to report that, after due enquiries in relation to the Company and its subsidiaries ("Group") during the period between 30 June 2014, being the date on which the latest audited consolidated financial statements of Leweko have been made up, and the date hereof, being a date not earlier than 14 days before the issuance of the Abridged Prospectus, that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) there have, in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Company, which adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 9.4 of the Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;
- (e) there has been no default or any known event, since the last audited consolidated financial statements of the Company, that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) there has been no material changes in the published reserves or any unusual factors affecting the profits of the Group, since the last audited consolidated financial statements of the Company.

Yours faithfully,
For and on behalf of the Board
LEWEKO RESOURCES BERHAD


ABD AZIZ BIN JANTAN
Director

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- (i) Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.20 each, all of which rank *pari passu* with one another.
- (iii) All the Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid prior to the date of allotment of such Shares.
- (iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares with Warrants pursuant to the Rights Issue with Warrants, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.
- (v) None of our securities has been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within two (2) years immediately preceding the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Article 89

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable, shall be entitled only to rank in such division for a proportion of the fees related to the period during which the Director has held office provided always that:

- (i) fee payable to Non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to Executive Directors may not include a commission on or percentage of turnover;
- (iii) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

- (iv) any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 90(a)

The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance or their duties as Directors.

Article 90(b)

If by arrangement with the Directors, any Directors shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special excursions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the company as a Member or a committee of Directors, the Directors may pay him extra remuneration, in addition to his Director's fee. The extra remuneration payable to non-executive directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover and the extra remuneration payable to executive directors may not include a commission on or percentage of turnover.

Article 102

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as, if he were not a Director provided that nothing herein contained shall authorise a Director or his family to act as Auditor of the Company.

Article 113

A Director of the Company may be or become a director or other officer or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation) and any Directors may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

Article 114(a)

Each Director shall have power from time to time to nominate another Director or a person not being a director, to act as his Alternate Director and at his discretion to remove such Alternate Director but in the case of person not already a Director his appointment shall not take effect until approved by a majority of the other Directors Provided Always that any fee paid by the Company to an Alternate Director shall be deducted from that Director's remuneration.

Article 116

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save for the Deed Poll and as disclosed below, as at the LPD, our Board confirms that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus.

- (a) Joint venture agreement dated 28 October 2014, entered into between Maju Weko Timber Industries Sdn Bhd, our wholly-owned subsidiary, and Kampung Kenayat Sdn Bhd to jointly develop thirty-eight (38) parcels of leasehold land, measuring in aggregate 96,785 square metres, all situated in the Mukim of Hulu Kinta, District of Kinta, State of Perak, into a mixed-use development.

4. MATERIAL LITIGATION

As at the LPD, our Board confirms that neither our Company nor any of our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board, after having made all reasonable enquiries and to the best knowledge of our Board, does not have any knowledge of any proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

- (i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM700,000 will be borne by our Company.
- (iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.
- (iv) Save as disclosed in this Abridged Prospectus, our Directors, after having made all reasonable enquiries and to the best knowledge of our Directors, are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

- (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
- (b) material commitments for capital expenditure;
- (c) unusual or infrequent events or transactions or significant economic changes which will materially affect the amount of reported income from operations;
- (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and
- (e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of our Adviser, Company Secretary, Principal Banker, Share Registrar and Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants to the inclusion in this Abridged Prospectus of its name and letters relating to the audited consolidated financial statements of our Group for the FYE 30 June 2014 and the pro forma consolidated statements of financial position of our Group as at FYE 30 June 2014, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at 17-19 Lengkok Tasek Timur 1A, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the past two (2) FYEs 30 June 2013 and 30 June 2014;
- (iii) Our unaudited consolidated quarterly results of our Group for the nine (9)-month FPE 31 March 2015;
- (iv) The pro forma consolidated statements of financial position of our Group as at 30 June 2014 together with the notes and Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;
- (v) The Deed Poll;
- (vi) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;
- (vii) The consent letters referred to in Section 6 of this Appendix;

- (viii) The irrevocable written undertaking letter from the Undertaking Shareholders as referred to in Section 2.6 of this Abridged Prospectus; and
- (ix) The material contracts referred to in Section 3 of this Appendix.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

M&A Securities, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.