

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	As at 31.12.2011	As at 31.12.2010
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	21,416	23,374
Product development costs	3,181	3,458
Investment in unquoted shares	5,000	5,000
Timber concessions	22,529	33,900
Trade and other receivables	3,928	5,798
Deferred tax assets	6,626	6,626
Advances for log purchases	15,128	14,587
Total non-current assets	77,808	92,743
Current Assets		
Inventories	30,274	44,120
Amount owing by an associated company	50,315	50,315
Trade and other receivables	17,800	16,695
Current tax assets	2,065	4,741
Other assets	2,566	2,305
Fixed deposits, cash and bank balances	2,111	2,106
Total current assets	105,131	120,282
Total assets	182,939	213,025
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	120,874	120,874
Share premium	4,764	4,764
Retained earnings	1,975	31,317
Equity attributable to owners of the Parent	127,613	156,955
Non-controlling interest	4,962	6,747
Total equity	132,575	163,702
Non-Current Liabilities		
Hire-purchase payables	323	345
Borrowings	3,762	4,878
Deferred tax liabilities	5,722	8,576
Total non-current liabilities	9,807	13,799
Current Liabilities		
Trade and other payables	11,448	7,703
Amount owing to an associated company	-	732
Hire-purchase payables	268	243
Borrowings	27,403	25,114
Other liabilities	1,438	1,732
Total current liabilities	40,557	35,524
Total liabilities	50,364	49,323
Total equity and liabilities	182,939	213,025
 Net Assets per Share (RM)	 0.55	 0.68

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Financial Position

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FINANCIAL QUARTER ENDED 31 DECEMBER 2011
(UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year To Date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Revenue	10,754	11,078	53,291	55,535
Investment revenue	459	926	1,839	1,982
Other gains and losses	(177)	118	275	(372)
Other operating income	19	33	40	75
Changes in inventories of finished goods and work-in-progress	(5,103)	(5,895)	(13,351)	(21,328)
Raw materials and consumables used	(6,385)	(5,955)	(26,641)	(32,917)
Employee benefits expenses	(1,857)	(2,302)	(7,839)	(9,594)
Depreciation of property, plant and equipment	(603)	(595)	(2,461)	(2,142)
Amortisation of intangible assets	(55)	(26)	(278)	(26)
Amortisation of timber concession	(4,880)	-	(11,372)	-
Other operating expenses	(4,979)	(10,376)	(25,509)	(21,300)
Share of loss of associate	-	(115)	-	-
Loss from operations	(12,807)	(13,109)	(32,006)	(30,087)
Finance costs	(478)	(433)	(1,921)	(1,768)
Loss before tax	(13,285)	(13,542)	(33,927)	(31,855)
Tax credit/(expense)	1,222	(1,044)	2,800	3,259
Net loss and total comprehensive loss for the financial period	(12,063)	(14,586)	(31,127)	(28,596)
Loss and total comprehensive loss attributable to:				
Owners of the parent	(11,432)	(13,657)	(29,342)	(27,142)
Non-controlling interest	(631)	(929)	(1,785)	(1,454)
	(12,063)	(14,586)	(31,127)	(28,596)
Basic/diluted loss per share attributable to owners of the parent (sen) from:	(4.73)	(5.65)	(12.14)	(11.23)

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Comprehensive Income

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL QUARTER ENDED 31 DECEMBER 2011
(UNAUDITED)

	← Attributable to owners of the Parent →			Non-controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Retained Earnings RM'000	Share Premium RM'000		
2011					
At 1 January 2011	120,874	31,317	4,764	6,747	163,702
Net loss and total comprehensive loss for the financial period	-	(29,342)	-	(1,785)	(31,127)
At 31 December 2011	<u>120,874</u>	<u>1,975</u>	<u>4,764</u>	<u>4,962</u>	<u>132,575</u>
2010					
At 1 January 2010, as previously stated	120,874	65,407	4,764	8,791	199,836
Effect arising from adoption of FRS 139 (Note 1)	-	(6,232)	-	-	(6,232)
Effect arising from adoption of FRS 139 by an associate	-	(716)	-	-	(716)
At 1 January 2010, as restated	<u>120,874</u>	<u>58,459</u>	<u>4,764</u>	<u>8,791</u>	<u>192,888</u>
Acquisition of a subsidiary company	-	-	-	(370)	(370)
Net loss and total comprehensive loss for the financial period	-	(27,142)	-	(1,454)	(28,596)
Dividend	-	-	-	(220)	(220)
At 31 December 2010	<u>120,874</u>	<u>31,317</u>	<u>4,764</u>	<u>6,747</u>	<u>163,702</u>

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Changes in Equity

LEWEKO RESOURCES BERHAD
Company No. 568420-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL QUARTER ENDED 31 DECEMBER 2011
(UNAUDITED)

	Current Year To Date 31.12.2011 RM'000	Preceding Year Corresponding Period 30.12.2010 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss for the year	(31,126)	(28,596)
Adjustments for:		
Allowance for doubtful debts	-	6,579
Depreciation of property, plant and equipment	2,461	2,142
Finance costs	1,921	1,880
Write down of inventories	-	984
Unrealised loss/(gain) on foreign currency exchange	12	39
Amortisation of intangible assets	278	26
Amortisation of timber concession	11,372	-
Provision for short-term accumulating compensated absences	-	14
Provision for/(Reversal of) sales tax	-	1
Income tax credit recognised in profit or loss	(2,800)	(3,259)
Effects from adopting of FRS 139	(1,805)	(1,948)
Gain on disposal of property, plant and equipment	(108)	(101)
Interest income	(34)	(34)
Operating Loss Before Working Capital Changes	<u>(19,829)</u>	<u>(22,273)</u>
(Increase)/Decrease in:		
Inventories	13,846	22,724
Trade and other receivables	1,693	5,959
Amount owing by an associate	-	(1)
Other assets	(261)	753
(Decrease)/Increase in:		
Trade and other payables	3,335	(3,342)
Amount owing to an associate	-	732
Other liabilities	(294)	519
Cash (Used In)/From Operations	<u>(1,510)</u>	<u>5,071</u>
Income tax refund/(paid)	2,622	(200)
Net Cash From Operating Activities	<u>1,112</u>	<u>4,871</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	145	102
Interest received	34	34
Subscription of unquoted preference shares	-	(5,000)
Acquisition of subsidiary	-	(945)
Purchase of property, plant and equipment	(260)	(360)
Withdrawal of fixed deposits on lien as collateral	-	(21)
Net Cash Used In Investing Activities	<u>(81)</u>	<u>(6,190)</u>
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from Onshore Foreign Currency Loan	2,859	2,964
Proceeds from/(Repayment of) bankers' acceptances and trust receipts	(1,281)	322
Proceeds from term loan	73	-
Repayment of advances received from a director	-	(10,565)
Finance costs paid	(1,922)	(1,880)
Repayment of term loan	(476)	(910)
Dividend paid	-	(800)
Repayment of hire-purchase payables - net	(277)	(203)
Net Cash Used In Financing Activities	<u>(1,024)</u>	<u>(11,072)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7	(12,391)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(10,150)	2,241
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(10,143)</u>	<u>(10,150)</u>
Cash and cash equivalents comprise:		
Bank and cash balances	605	600
Fixed deposits	<u>1,506</u>	<u>1,506</u>
Bank overdraft	2,111	2,106
Revolving credits	<u>(3,998)</u>	<u>(3,750)</u>
Fixed deposits pledged for banking facilities	<u>(6,750)</u>	<u>(7,000)</u>
	<u>(8,637)</u>	<u>(8,644)</u>
	<u>(1,506)</u>	<u>(1,506)</u>
	<u>(10,143)</u>	<u>(10,150)</u>

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Cash Flows

NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 DECEMBER 2011

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 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 FRS 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 year ended 31 December 2010. 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 year ended 31 December 2010. 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 FRSs.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those in the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following FRSs, IC Interpretations, Amendments to FRSs and IC Interpretations with effect from 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) - Amendments relating to limited exemption from comparative FRS 7 disclosures for first-time adopters
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) - Amendments relating to additional exemptions for first-time adopters
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) - Amendments to FRS 1 [Improvement to FRSs (2010)]
FRS 2	Share-based Payment - Amendments relating to group cash-settled share-based payment transactions
FRS 3	Business Combinations (Revised 2010) - Amendments to FRS 3 [Improvement to FRSs (2010)]
FRS 7	Financial Instruments: Disclosures - Amendments relating to improving disclosures about financial instruments
FRS 7	Financial Instruments: Disclosures - Amendments to FRS 7 [Improvements to FRSs (2010)]
FRS101	Presentation of Financial Statements - Amendments to FRS 101 [Improvements to FRSs (2010)]
FRS121	The Effects of Changes in Foreign Exchange Rates - Amendments to FRS 121 [Improvements to FRSs (2010)]
FRS 127	Consolidated and Separate Financial Statements (Revised 2010)
FRS 128	Investment in Associates - Amendments to FRS 128 [Improvements to FRSs (2010)]
FRS 132	Financial Instruments: Presentation - Amendments to FRS 132 [Improvements to FRSs (2010)]
FRS134	Interim Financial Reporting - Amendments to FRS 134 [Improvements to FRSs (2010)]
FRS 139	Financial Instruments: Recognition and Measurements - Amendments to FRS 139 [Improvements to FRSs(2010)]
Int. 4	Determining whether an Arrangement contains a Lease
Int. 12	Service Concession Arrangements
Int. 16	Hedges of a Net Investment in a Foreign Operation
Int. 17	Distributions of Non-cash Assets to Owners
Int. 18	Transfers of Assets from Customers

The principal effects of the changes in presentation, changes or methods of computation and in accounting policies resulting from the adoption of the above new FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations are set out below:

FRS 3 Business Combinations (Revised 2010)

The revised FRS 3:

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;
- changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;
- requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 127 Consolidated and Separate Financial Statements (Revised 2010)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiary companies that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiary companies were treated in the same manner as the acquisition of subsidiary companies, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiary companies regardless of whether the disposals would result in the Group losing control over the subsidiary companies, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised profit or loss.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary company is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary company is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

The Group has not adopted the following new/revised FRSS, IC Interpretations, Amendments to FRSS and IC Interpretations that have been issued but are not yet effective:

Effective for financial periods beginning on or after

FRS1	First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to FRS 1)	1 January 2012
FRS 7	Financial Instruments Disclosures - Transfer of Financial Assets (Amendments to FRS 7)	1 January 2012
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 101	Presentation of Items of Other Comprehensive Income (Amendment to FRS 101)	1 July 2012
FRS 112	Deferred Tax: Recovery of Underlying Assets (Amendments to FRS 112)	1 January 2012
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosure	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associates and Joint Ventures	1 January 2013
Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)	1 July 2011
Int. 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

The Board anticipates that the adoption of these FRSS and Int.s in future financial periods will have no material financial impact on the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 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.

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
Timber flooring	6,219	-	6,219	22,682	-	22,682
Sawn and moulded timber	4,198	-	4,198	29,772	-	29,772
Precast concrete products	337	-	337	837	-	837
	<u>10,754</u>	<u>-</u>	<u>10,754</u>	<u>53,291</u>	<u>-</u>	<u>53,291</u>
Inter-segment elimination			<u>-</u>			<u>-</u>
			<u>10,754</u>			<u>53,291</u>

(b) Segment Results

	Profit/(loss) before tax RM'000	Profit/(loss) before tax RM'000
Timber flooring	(1,024)	(2,255)
Sawn and moulded timber	(11,933)	(29,995)
Precast concrete products	<u>(167)</u>	<u>(1,031)</u>
	(13,124)	(33,281)
Corporate office and unallocated expenses	<u>(161)</u>	<u>(646)</u>
Loss before tax	<u>(13,285)</u>	<u>(33,927)</u>

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

On 18 July 2011, the Company has acquired two ordinary shares of RM1.00 each representing the entire equity interest in Tanah Damai Sdn. Bhd. at par for cash.

13. Changes in Contingent Liabilities and Contingent Assets

The Group has no contingent liabilities or contingent assets since the end of the last financial year.

14. Capital Commitments

The Group has no capital commitments as at the end of the current financial quarter.

15. Performance Review

For the quarter under review, The Group recorded a revenue and loss before tax ("LBT") of RM10.8 million and RM13.3 million respectively as compared to a revenue of RM11.1 million and LBT of RM13.5 million in the corresponding quarter of preceding year. The loss recorded in the current quarter is mainly due to the poor performance of the sawn and moulded timber division.

The sawn and moulded timber division's revenue was RM4.2 million, a decreased of 22% from RM5.4 million recorded in the preceding year's corresponding financial quarter, the lower revenue was affected by the lower demand from European countries. However, LBT for this division reduced marginly from RM12.0 to RM11.9 million. The loss recorded in the current quarter was mainly due to the higher amortisation of timber concessions and higher production costs per unit as the results of under utilisation of production capacity.

The Timber flooring division registered a revenue of RM6.2 million, an increased of 9% compared to the RMRM5.7 million in the corresponding quarter of preceding year contributed by the increase in sales volume. LBT reduced 23% from RM1.3 million to RM1.0 million in tandem with the higher sales achieved in the quarter under review.

The precast concrete division registered an improvements in revenue by RM0.3 million contributed by the higher workdone of project secured during the current financial quarter. There was no revenue recognised in the corresponding quarter of preceding year. Accordingly LBT reduced to RM0.2 million, an improvement of 60% as compared to the RM0.5 million recorded in the corresponding quarter of preceding year.

16. Comparison of Results with Preceding Quarter

For the quarter under review, The Group recorded a revenue and loss before tax ("LBT") of RM10.8 million and RM13.3 million respectively as compared to a revenue of RM10.9 million and LBT of RM8.0 million in the preceding quarter.

The sawn and moulded timber division's revenue was RM4.2 million, a decreased of 28% from RM5.8 million recorded in the preceding quarter, the lower revenue was affected by the lower demand from European countries. LBT for this division increased by 80.4% from RM6.6 million to RM11.9 million mainly due to the re-process of slow moving stocks and higher costs incurred in timber extraction.

The Timber flooring division registered a revenue of RM6.2 million, an increased of 22% compared to the RM5.1 million in the preceding quarter contributed by the increase in sales volume. Despite of the higher revenue recorded in the current quarter, LBT increased by 25% from RM0.8 to RM1.0 due to the lower profit margin as the results of depreciation of Euro and US dollar.

The precast concrete division registered an improvements in revenue by RM0.3 million contributed by the higher workdone of project secured during the current financial quarter. There was no revenue recognised in the preceding quarter. Accordingly LBT reduced to RM0.2 million, an improvement of 50% as compared to the RM0.4 million recorded in the preceding quarter.

17. Commentary on Prospects

The performance of the Group's sawn & moulded and timber flooring division will be very much dependent on the economic environment in Europe as this is the Group's largest market segment. These two divisions, which are currently challenged by sluggish demand in Europe, will continuously review its product mix and take all necessary measures to improve its productivity and efficiency.

The Group's precast concrete division has seen its order book increased in the current quarter as the results of continuous order from clients. Consequently, its performance shall be improved in the rest of the current financial year.

Given the above circumstances and the uncertainty of economy environment in European countries, the Group is expecting the challenging times ahead 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)/Credit

	Current Financial Quarter	Current Financial Year To Date
	RM'000	RM'000
Malaysian income tax		
Current financial year	(1)	(4)
Under provision in prior financial year	-	(50)
	(1)	(54)
Deferred taxation		
Current financial year	1,223	2,854
	<u>1,222</u>	<u>2,800</u>

The Group's effective tax rate for the current financial quarter and year to date is higher than the statutory tax rate of 25% due to the non-deductibility of certain expenses.

20. Profits/(Losses) on Sale of Unquoted Investments and/or

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

There were no corporate proposals announced but not completed as at 16 February 2012.

23. Borrowings and Debt Securities

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	27,414	218	27,632
Long term borrowings	3,978	146	4,124
	<u>31,392</u>	<u>364</u>	<u>31,756</u>

All of the above borrowings are denominated in RM except for:

	USD'000	RM'000 equivalent
Short term borrowings denominated in foreign currency	<u>2,585</u>	<u>7,917</u>

24. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments as at 16 February 2012.

25. Changes in Material Litigations

Suit I : Maju Weko Timber Industries Sdn. Bhd. ["MWTI"] vs. Irni Hana binti Mohd Ramli t/a Akrab Timber ["Defendant"]

On 29 April 2009, MWTI filed a summons to the Ipoh Sessions Court to recover a sum of approximately RM228,000 for goods sold and delivered to the Defendant.

The bankruptcy proceedings against the Defendant which was initiated by MWTI is still in progress.

Suit II : MWTI vs. Akrab Global Sdn. Bhd. ["Defendant"]

On 16 April 2009, MWTI filed a summons to the Ipoh Sessions Court to recover a sum of approximately RM217,000 for goods sold and delivered to the Defendant.

The Court has granted a winding-up order against the Defendant on 31 January 2012 and the said order has been served on all parties, advertised and gazetted.

MWTI is now in the process of preparing the Proof of Debt to be served on the Defendant and registered with the Malaysian Department of Insolvency.

Suit III : Lamitech Sdn. Bhd. ["Plaintiff"] vs. MWTI

On 28 October 2010, MWTI has received a summons from the Plaintiff claiming for an alleged sum of approximately RM223,000 for supply of goods to MWTI.

MWTI and the Plaintiff was not successful in reaching an amicable settlement and MWTI has filed an application to amend the statement of defense in Court. The Court has fixed the next mention date on 28 February 2012.

26. Related Party Transactions

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Rental of premises paid to Indra Pusaka Sdn. Bhd., a company in which certain directors of the Company have interests	19	79
Rental of premises paid to Jurang Hijau Sdn. Bhd., a company in which persons connected with a director of the Company have interests	8	32
Transactions with TPS Wooden Industries Sdn. Bhd., a company in which a director of a subsidiary company and a person connected with him have interests:		
Sale of moulded timber	-	-
Moulding fees received	52	82
Sales of timber flooring	-	137
Purchase of sawn timber	-	129
Timber flooring sold to Wood & Wood Flooring Pte. Ltd., a company in which a person connected with a director of a subsidiary company has interest	204	1,370
Transactions with Syarikat Amiziz Sdn. Bhd., an associated company		
Purchases of logs	2,103	6,394
Transport charges	15	586

27. Basic/Diluted Loss Per Share

	Current Financial Quarter	Current Financial Year To Date
Net loss attributable to owners of the parent (RM'000)	11,432	29,342
Weighted average number of ordinary shares in issue ('000)	241,748	241,748
Basic/diluted loss per share (sen)	4.73	12.14

28. Dividends Payable

No interim dividend has been declared or recommended for the current financial quarter.

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 31.12.2011 RM'000	As at 31.12.2010 RM'000
<u>Total retained earnings of the Leweko Resources Berhad and its subsidiary companies</u>		
Realised	46,966	62,799
Unrealised	(12)	6,587
	46,954	69,386
Consolidation adjustments	(44,979)	(38,069)
Total Group's retained earnings as per statements of financial position	1,975	31,317

By order of the Board,

Chan Chee Kheong
Chang Pooi Yee
Company Secretaries

23 February 2012