

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	As At 30.6.2013 RM'000 (Unaudited)	As At 30.6.2012 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	18,336	19,867
Product development costs	2,852	3,071
Land and development expenditure	19,405	-
Investment in unquoted shares	5,000	5,000
Timber concessions	1,888	6,964
Trade and other receivables	-	7,108
Amount owing by an associated company	23,544	26,884
Deferred tax assets	4,253	4,253
Goodwill on consolidation	4,535	-
Advances for log purchases	19,531	19,549
Total non-current assets	99,344	92,696
Current Assets		
Inventories	7,709	5,703
Amount owing by an associated company	7,764	8,613
Trade and other receivables	7,362	9,985
Current tax assets	15	2,056
Other assets	3,084	3,184
Fixed deposits, cash and bank balances	432	200
Total current assets	26,366	29,741
Total assets	125,710	122,437
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	120,874	120,874
Share premium	4,764	4,764
Retained earnings	(26,334)	(26,814)
Equity attributable to owners of the Parent	99,304	98,824
Non-controlling interest	(438)	(630)
Total equity	98,866	98,194
Non-Current Liabilities		
Hire-purchase payables	354	508
Borrowings	103	140
Deferred tax liabilities	5,079	1,825
Total non-current liabilities	5,536	2,473

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT 30 JUNE 2013
[CONTINUED]

	As At 31.3.2013 RM'000 (Unaudited)	As At 30.6.2012 RM'000 (Audited)
Current Liabilities		
Trade and other payables	715	781
Amount owing to an associated company	-	874
Hire-purchase payables	154	233
Borrowings	19,797	18,145
Other liabilities	642	1,737
Total current liabilities	21,308	21,770
Total liabilities	26,844	24,243
Total equity and liabilities	125,710	122,437
Net Assets per Share (RM)	0.41	0.41

*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 PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FINANCIAL QUARTER ENDED 30 JUNE 2013
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2013 RM'000	Preceding Year Corresponding Quarter 30.6.2012 RM'000	Current Year To Date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Continuing operations				
Revenue	7,214	5,490	26,311	39,999
Investment revenue	782	375	3,939	3,134
Other gains and losses	30	(8,342)	58	(8,153)
Other operating income	(3)	(1)	60	39
Changes in inventories of finished goods and work-in-progress	185	(1,259)	970	(15,130)
Raw materials and consumables used	(1,624)	527	143	(11,358)
Employee benefits expenses	(1,424)	(1,133)	(5,309)	(7,902)
Depreciation of property, plant and equipment	(438)	(430)	(1,765)	(2,847)
Amortisation of intangible assets	(54)	(54)	(219)	(387)
Amortisation of timber concession	(525)	(542)	(5,075)	(8,070)
Impairment of timber concession	-	(2,730)	-	(18,867)
Contract cost recognised	(857)	(2,641)	(4,270)	(2,641)
Other operating expenses	(3,132)	(2,608)	(14,583)	(25,454)
Profit/(Loss) from operations	154	(13,348)	260	(57,637)
Finance costs	(226)	(217)	(1,091)	(1,532)
Loss before tax	(72)	(13,565)	(831)	(59,169)
Tax (expense)/credit	357	(1,549)	1,503	4,328
Net profit/(loss) from continuing operations	285	(15,114)	672	(54,841)
Discontinued operations				
Net loss from discontinued operations	-	-	-	(7,006)
Net profit/(loss) and total comprehensive income/(loss) for the financial period	285	(15,114)	672	(61,847)
Profit/(Loss) and total comprehensive profit/(loss) attributable to:				
Owners of the parent	297	(15,290)	480	(58,130)
Non-controlling interest	(12)	176	192	(3,717)
	285	(15,114)	672	(61,847)
Basic/diluted earnings/(loss) per share attributable to owners of the parent (sen) from:				
Continuing operations	0.12	(6.33)	0.20	(22.47)
Discontinued operations	-	-	-	(1.58)
	0.12	(6.33)	0.20	(24.05)

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 30 JUNE 2013
(UNAUDITED)

	Attributable to owners of the Parent Distributable			Non- controlling	Total
	Share Capital RM'000	Retained Earnings RM'000	Share Premium RM'000	Interest RM'000	RM'000
2012					
At 1 July 2012	120,874	(26,814)	4,764	(630)	98,194
Net profit and total comprehensive income for the financial period	-	480	-	192	672
At 30 June 2013	<u>120,874</u>	<u>(26,334)</u>	<u>4,764</u>	<u>(438)</u>	<u>98,866</u>
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	-	(58,131)	-	(3,717)	(61,848)
Issue of shares to non-controlling interests	-	-	-	490	490
Disposal of a subsidiary	-	-	-	(4,150)	(4,150)
At 30 June 2012	<u>120,874</u>	<u>(26,814)</u>	<u>4,764</u>	<u>(630)</u>	<u>98,194</u>

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 30 JUNE 2013
(UNAUDITED)

	Current Year To Date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(loss) for the period	672	(61,847)
Adjustments for:		
Impairment of timber concession	-	18,867
Fair value adjustments to loans and receivables	-	8,389
Amortisation of timber concession	5,075	8,070
Write down of inventories	-	4,404
Depreciation of property, plant and equipment	1,815	3,389
Finance costs	1,091	2,534
Amortisation of intangible assets	219	388
Allowance for doubtful debts	-	370
Property, plant and equipment written off	-	104
Unrealised loss on foreign currency exchange	(9)	13
Bad debts written off	1	1
Income tax credit recognised in profit or loss	(1,503)	(4,328)
Interest arising from amortization of financial assets	(3,438)	(2,633)
Dividend income from preference shares	(500)	(500)
Gain on disposal of property, plant and equipment	(16)	(108)
Interest income	(1)	(35)
	<hr/> 3,406	<hr/> (22,922)
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(2,005)	16,258
Trade and other receivables	15,573	4,617
Amount owing by an associate	6,580	6,957
Other assets	181	(1,042)
(Decrease)/Increase in:		
Trade and other payables	(13,785)	(879)
Amount owing to an associate	-	141
Other liabilities	(1,102)	409
Cash From Operations	<hr/> 8,848	<hr/> 3,539
Income tax refunded	2,267	2,686
Income tax paid	(4)	(66)
Net Cash From Operating Activities	<hr/> <hr/> 11,111	<hr/> <hr/> 6,159

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL QUARTER ENDED 30 JUNE 2013**

(UNAUDITED)

[CONTINUED]

	Current Year To Date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	16	145
Interest received	1	34
Refund/(Advances) for log purchases	1,066	(4,500)
Purchase of property, plant and equipment	(279)	(495)
Development expenditure paid	(231)	-
Withdrawal of fixed deposits	20	-
Net cash outflow from disposal of subsidiaries	-	(37)
Acquisition of a subsidiary	(7,551)	-
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(6,958)	(4,853)
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from onshore foreign currency loan	-	3,647
Proceeds from issuance of shares to non-controlling interest	-	490
Proceeds from term loan	-	187
Finance costs paid	(1,091)	(2,534)
Fixed deposits pledged as collateral	(146)	-
Repayment of bankers' acceptances and trust receipts	(1,317)	(1,949)
Repayment of term loans	(4,421)	(858)
Repayment of hire-purchase payables - net	(233)	(415)
Proceeds from/(Repayment of) bank overdraft	(558)	(50)
	<hr/>	<hr/>
Net Cash Used In Financing Activities	(7,766)	(1,482)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,613)	(176)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
	(6,627)	(6,449)
Effect of exchange rate changes on the balance of cash held in foreign currencies	-	(2)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(10,240)	(6,627)
	<hr/>	<hr/>
Cash and cash equivalents comprise:		
Bank and cash balances	266	160
Fixed deposits	166	40
	<hr/>	<hr/>
	432	200
Bank overdraft	(4,506)	(287)
Revolving credits	(6,000)	(6,500)
	<hr/>	<hr/>
	(10,074)	(6,587)
Fixed deposits pledged for banking facilities	(166)	(40)
	<hr/>	<hr/>
	(10,240)	(6,627)

*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 30 JUNE 2013**

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 2012. 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 2012. 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

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”) in conjunction with its planned convergence of FRSs with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also includes those entities that consolidates, equity accounts or proportionately consolidates an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012. However, on 30 June 2012, the MASB decided to extend the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

Accordingly, the Group has assessed the impact of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in the financial statements for the financial year end 30 June 2013. The significant accounting policies adopted in preparation of this interim financial report are consistent with the audited financial statements of the Company for the financial year ended 30 June 2012 prepared in accordance with Financial Reporting Standards (“FRS”). The adoption of MFRS 1 does not have impact on the reported financial position, financial performance and cash flows of the Group and hence no reconciliation from FRSs to MFRSs were prepared.

LEWEKO RESOURCES BERHAD

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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 30 June 2012 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 BERHAD

Company No. 568420-K
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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2013**

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	5,900	-	5,900	19,787	-	19,787
Precast concrete products	1,314	-	1,314	6,524	-	6,524
Property development	-	-	-	-	-	-
Others	84	(84)	-	336	(336)	-
	<u>7,298</u>	<u>(84)</u>	<u>7,214</u>	<u>26,647</u>	<u>(336)</u>	<u>26,311</u>

(b) Segment Results

	RM'000	RM'000
Log trading, sawn and moulded timber	(125)	(1,240)
Precast concrete products	(20)	408
Property development	(8)	(206)
Others	<u>307</u>	<u>1,298</u>
	154	260
Finance costs	<u>(226)</u>	<u>(1,091)</u>
Loss before tax	(72)	(831)
Tax credit	<u>357</u>	<u>1,503</u>
Net profit from continuing operations	<u><u>285</u></u>	<u><u>672</u></u>

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2013**

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

The Group has no 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.

15. Performance Review

For the quarter under review, The Group's continuing operations registered consolidated revenue and profit after tax ("PAT") of RM7.21 million and RM0.29 million respectively as compared to a revenue of RM5.49 million and loss after tax ("LAT") of RM15.11 million in the preceding year's corresponding quarter. The higher revenue and PAT recorded in the current quarter were due to the improvements in its timber division and recognition of impairment loss of RM7.86 million on amount owing by an associated company in the preceding year's corresponding quarter.

The log trading, sawn and moulded timber division recorded revenue of RM5.90 million, an increase of 136.9% from RM2.49 million recorded in the preceding year's corresponding quarter. The increase in revenue was mainly due to the higher log trading activities as compared to the preceding year's corresponding quarter. Accordingly, Loss before tax ("LBT") for this division improved from RM5.70 to RM0.13 million. The improvement in LBT was also due to the recognition of impairment loss on timber concession in the preceding year's corresponding quarter.

The precast concrete division recorded revenue of RM1.31 million as compared to RM3.02 million recorded in the preceding year's corresponding quarter. This was mainly due to the lower workdone during the current financial quarter. The division recorded a LBT of RM0.02 million as compared to the PBT of RM0.36 million in the preceding year's corresponding quarter in tandem with the decreased in revenue.

The property division recorded LBT of RM0.01 million. There was no revenue recognized in this division as the Group has yet to launch its property projects. The loss recorded in this division was mainly due to the preliminary expenses and finance charges incurred during the quarter under review

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LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2013**

16. Comparison of Results with Preceding Quarter

For the quarter under review, The Group's continuing operations registered consolidated revenue and PAT of RM7.21 million and RM0.29 million respectively as compared to a revenue of RM6.51 million and PAT of RM0.03 million in the preceding quarter.

The log trading, sawn and moulded timber division recorded revenue of RM5.90 million, an increase of 3.7% from RM5.69 million recorded in the preceding quarter. LBT for this division increased from RM0.06 million to RM0.13 million. The performance in the current quarter was consistent with the preceding quarter as there were no major changes in the business activities in this division.

The precast concrete division recorded revenue of RM1.31 million, an increase of 59.8% from RM0.82 million recorded in the preceding quarter. This was mainly contributed by the higher workdone during the current financial quarter. The division recorded a LBT of RM0.02 million as compared to the LBT of RM0.21 million in the preceding quarter in tandem with the increased in revenue.

The property division recorded LBT of RM0.01 million as compared to LBT of RM0.06 million recorded in the preceding quarter. There was no revenue recognized in this division as the Group has yet to launch its property projects. The loss recorded in this division was mainly due to the preliminary expenses and finance charges incurred during the quarter under review.

17. Commentary on Prospects

The performance of the Group's sawn and moulded division was adversely affected by the lower production output due to the sluggish demand of tropical timber in Europe. The Group is continuously review its product mix and will take all necessary measures to improve its productivity and efficiency.

The Group's precast concrete division continuously receiving encouraging respond from potential customers even though the current quarter results were affected by lower percentage of workdone. On the long term strategy planning, the Group is focusing to increase its order book and plant utilisation. This division is expected to contribute positively to the Group in the future.

The Group is currently conducted preliminary works for the launching of its property projects in Ipoh. The property division is expected to be another source of income for the Group in the future.

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 Credit

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Malaysian income tax		
Over provision in prior financial year	222	222
Deferred taxation		
Current financial year	135	1,281
	357	1,503

LEWEKO RESOURCES BERHAD

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2013**

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

There were no corporate proposals announced but not completed as at 22 August 2013.

23. Borrowings and Debt Securities

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	19,951	-	19,951
Long term borrowings	457	-	457
	<u>20,408</u>	<u>-</u>	<u>20,408</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 August 2013.

25. Changes in Material Litigations

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.

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2013****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	20	83
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

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	297	480
Weighted average number of ordinary shares in issue ('000)	241,748	241,748
Basic/diluted profit per share (sen)	0.12	0.20

28. Dividends Payable

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

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LEWEKO RESOURCES BERHAD

Company No. 568420-K
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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2013**

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 30.6.2013 RM'000	As At 30.6.2012 RM'000
Total retained earnings of the Leweko Resources Berhad and its subsidiary companies		
Realised	29,960	22,007
Unrealised	(817)	2,422
	<hr/> 29,143	<hr/> 24,429
Consolidated adjustments	(55,477)	(51,243)
Total Group's retained earnings as per statement of financial position	<hr/> <hr/> <u>(26,334)</u>	<hr/> <hr/> <u>(26,814)</u>

By order of the Board,

Chan Chee Kheong
Company Secretary

29 August 2013