

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	As At 30.6.2014 RM'000 (Unaudited)	As At 30.6.2013 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	17,317	18,336
Product development costs	2,632	2,852
Investment properties	-	19,362
Property development expenditure	13,580	-
Investment in unquoted shares	5,000	5,000
Timber concessions	599	1,888
Amount owing by an associated company	27,708	19,120
Deferred tax assets	4,253	4,253
Goodwill on consolidation	4,535	4,535
Advances for log purchases	17,986	19,531
Total non-current assets	93,610	94,877
Current Assets		
Property development expenditure	8,987	-
Inventories	5,951	7,750
Amount owing by an associated company	5,554	13,344
Trade and other receivables	7,803	7,386
Accrued billing	-	277
Current tax assets	15	15
Other assets	1,505	1,871
Fixed deposits, cash and bank balances	3,511	432
Total current assets	33,326	31,075
Total assets	126,936	125,952
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	120,874	120,874
Share premium	4,764	4,764
Retained earnings	(28,812)	(26,338)
Equity attributable to owners of the Parent	96,826	99,300
Non-controlling interest	148	(438)
Total equity	96,974	98,862
Non-Current Liabilities		
Hire-purchase payables	505	354
Borrowings	5,424	103
Deferred tax liabilities	4,745	5,079
Total non-current liabilities	10,674	5,536

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT 30 JUNE 2014
[CONTINUED]

	As At 30.6.2014 RM'000 (Unaudited)	As At 30.6.2013 RM'000 (Audited)
Current Liabilities		
Trade and other payables	1,223	960
Advanced billing	1,848	-
Hire-purchase payables	190	154
Borrowings	15,137	19,797
Current tax liabilities	190	-
Other liabilities	700	643
Total current liabilities	19,288	21,554
Total liabilities	29,962	27,090
Total equity and liabilities	126,936	125,952
Net Assets per Share (RM)	0.40	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 2014
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2014 RM'000	Preceding Year Corresponding Quarter 30.6.2013 RM'000	Current Year To Date 30.6.2014 RM'000	Preceding Year Corresponding Period 30.6.2013 RM'000
Revenue	4,123	7,214	23,751	26,311
Investment revenue	1,488	782	3,972	3,939
Other gains and losses	(2,923)	30	(2,826)	58
Other operating income	14	(3)	34	60
Changes in inventories of finished goods and work-in-progress	(728)	1,350	(1,657)	2,135
Raw materials and consumables used	(11)	(2,876)	(613)	(1,109)
Employee benefits expenses	(1,153)	(1,436)	(4,901)	(5,321)
Depreciation of property, plant and equipment	(416)	(438)	(1,645)	(1,765)
Amortisation of intangible assets	(54)	(54)	(219)	(219)
Amortisation of timber concession	-	(525)	(1,290)	(5,075)
Property development expenditure	361	-	(985)	-
Contract cost recognized	(1,781)	(857)	(8,329)	(4,270)
Other operating expenses	(1,476)	(2,846)	(6,186)	(14,297)
Profit/(Loss) from operations	(2,556)	341	(894)	447
Finance costs	(430)	(417)	(1,138)	(1,282)
Loss before tax	(2,986)	(76)	(2,032)	(835)
Tax (expense)/credit	(187)	357	144	1,503
Net profit/(loss) and total comprehensive income/(loss) for the financial year end	(3,173)	281	(1,888)	668
Profit/(loss) and total comprehensive profit/(loss) attributable to:				
Owners of the parent	(3,405)	293	(2,474)	476
Non-controlling interest	232	(12)	586	192
	(3,173)	281	(1,888)	668
Basic/diluted earnings per share attributable to owners of the parent (sen)	(1.41)	0.12	(1.02)	0.20

*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 2014
(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		
2013					
At 1 July 2013	120,874	(26,338)	4,764	(438)	98,862
Net profit/(loss) and total comprehensive income/(loss) for the financial year end	-	(2,474)	-	586	(1,888)
At 30 June 2014	<u>120,874</u>	<u>(28,812)</u>	<u>4,764</u>	<u>148</u>	<u>96,974</u>
2012					
At 1 July 2012	120,874	(26,814)	4,764	(630)	98,194
Net profit and total comprehensive income for the financial period	-	476	-	192	668
At 30 June 2013	<u>120,874</u>	<u>(26,338)</u>	<u>4,764</u>	<u>(438)</u>	<u>98,862</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 2014
(UNAUDITED)

	Current Year To Date 30.6.2014 RM'000	Preceding Year Corresponding Period 30.6.2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(loss) for the year end	(1,888)	668
Adjustments for:		
Amortisation of timber concession	1,290	5,075
Write down of inventories	-	981
Depreciation of property, plant and equipment	1,750	1,815
Finance costs	1,138	1,282
Amortisation of intangible assets	219	219
Unrealised loss/(gain) on foreign currency exchange	2	(9)
Bad debts written off	-	1
Income tax credit recognised in profit or loss	(144)	(1,503)
Interest arising from amortization of financial assets	(3,466)	(3,438)
Reassessment of financial assets	2,923	-
Dividend income from preference shares	(500)	(500)
Gain on disposal of property, plant and equipment	(36)	(16)
Interest income	(6)	(1)
	<hr/> 1,282	<hr/> 4,574
Movements in working capital:		
(Increase)/Decrease in:		
Development expenditure	(3,163)	-
Inventories	1,757	(3,028)
Trade and other receivables	80	12,341
Accrued billing	277	(277)
Amount owing by an associate	(510)	5,423
Other assets	366	1,394
(Decrease)/Increase in:		
Trade and other payables	261	(9,458)
Advanced billing	1,849	-
Amount owing to an associate	-	(873)
Other liabilities	57	(1,100)
Cash From Operations	<hr/> 2,256	<hr/> 8,996
Income tax refunded	-	2,267
Income tax refund/(paid)	1	(4)
Net Cash From Operating Activities	<hr/> 2,257	<hr/> 11,259

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL QUARTER ENDED 30 JUNE 2014**

(UNAUDITED)

[CONTINUED]

	Current Year To Date 30.6.2014 RM'000	Preceding Year Corresponding Period 30.6.2013 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	114	16
Interest received	6	1
Advances of logs purchases refunded	1,800	1,066
Purchase of property, plant and equipment	(808)	(279)
Additions to investment properties	-	(188)
Withdrawal/(placement) of fixed deposits	146	(126)
Acquisition of a subsidiaries	-	(7,551)
Net Cash From/(Used In) Investing Activities	<u>1,258</u>	<u>(7,061)</u>
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Finance costs paid	(1,138)	(1,282)
Repayment of bankers' acceptances and trust receipts	(378)	(1,317)
Repayment of term loans	(38)	(4,421)
Proceeds from term loans	5,403	-
Repayment of hire-purchase payables – net	(224)	(233)
Proceeds from hire-purchase	411	-
(Repayment of)/Proceeds from bank overdraft	(3,951)	3,948
(Repayment of)/Proceeds from short-term revolving credits	(375)	6,000
Net Cash (Used In)/From Financing Activities	<u>(290)</u>	<u>2,695</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,225	6,893
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	266	(6,627)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>3,491</u>	<u>266</u>
Cash and cash equivalents comprise:		
Bank and cash balances	3,491	266
Fixed deposits	20	166
	<u>3,511</u>	<u>432</u>
Fixed deposits pledged for banking facilities	(20)	(166)
	<u>3,491</u>	<u>266</u>

*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
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NOTES TO INTERIM FINANCIAL REPORT FINANCIAL QUARTER ENDED 30 JUNE 2014

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 2013. 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 2013. 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 2013, except for the adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs with effect from 1 January 2013:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans [Amendments to MFRS 1]
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle [Amendments to MFRS 1]
MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities [Amendments to MFRS 7]
MFRS 10	Consolidated Financial Statements
MFRS 10	Consolidated Financial Statements : Transition Guidance [Amendments to MFRS 10]
MFRS 11	Joint Arrangements
MFRS 11	Joint Arrangements : Transition Guidance [Amendments to MFRS 11]
MFRS 12	Disclosure of Interests in Other Entities
MFRS 12	Disclosure of Interests in Other Entities [Amendments to MRFS 12]
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements – Annual Improvements 2009-2011 Cycle [Amendments to MFRS 101]
MFRS 116	Property, Plant and Equipment – Annual Improvements 2009-2011 Cycle [Amendments to MFRS 116]
MFRS 119	Employee Benefits
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Financial Instruments: Presentation – Annual Improvements 2009-2011 Cycle [Amendments to MFRS 132]
MFRS 134	Interim Financial Reporting – Annual Improvements 2009-2011 Cycle [Amendments to MFRS 134]

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

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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 2013 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 2014**

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	897	-	897	9,337	-	9,337
Precast concrete products	2,988	-	2,988	12,085	-	12,085
Property development	238	-	238	2,329	-	2,329
Others	84	(84)	-	336	(336)	-
	<u>4,207</u>	<u>(84)</u>	<u>4,123</u>	<u>24,087</u>	<u>(336)</u>	<u>23,751</u>

(b) Segment Results

	RM'000	RM'000
Log trading, sawn and moulded timber	(1,821)	(1,999)
Precast concrete products	495	1,214
Property development	127	755
Others	<u>(1,357)</u>	<u>(864)</u>
	<u>(2,556)</u>	<u>(894)</u>
Finance costs	<u>(430)</u>	<u>(1,138)</u>
Loss before tax	<u>(2,986)</u>	<u>(2,032)</u>
Tax (expense)/credit	<u>(187)</u>	<u>144</u>
Net loss	<u><u>(3,173)</u></u>	<u><u>(1,888)</u></u>

LEWEKO RESOURCES BERHAD

Company No. 568420-K
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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2014**

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 registered consolidated revenue and loss after tax ("LAT") of RM4.12 million and RM3.17 million respectively as compared to a revenue of RM7.21 million and PAT of RM0.28 million in the preceding year's corresponding quarter. The Group recorded lower revenue in the current quarter mainly due to the weaker performance of the timber division. The loss recorded in the current quarter was mainly due to the re-assessment of financial assets which resulted a loss of RM2.92 million recorded into the Group's results.

The timber division recorded revenue of RM0.90 million, a decrease of 84.0% from RM5.90 million recorded in the preceding year's corresponding quarter. The decrease in revenue was mainly due to the absence of log trading activities as compared to the preceding year's corresponding quarter. As the results, this division recorded loss before tax ("LBT") of RM1.82 million as compared to LBT of RM0.13 million in the preceding year's corresponding quarter.

The precast concrete division recorded revenue of RM2.99 million as compared to RM1.31 million recorded in the preceding year's corresponding quarter. This was mainly due to the higher workdone during the current financial quarter. Accordingly, this division recorded a higher profit before tax ("PBT") of RM0.50 million as compared to the LBT of RM0.02 million in the preceding year's corresponding quarter.

The property division recorded revenue of RM0.24 million during the quarter under review. There was no revenue recognized in the preceding year's corresponding quarter. This division recorded a PBT of RM0.13 million as compared to the LBT of RM0.01 million in the preceding year's corresponding quarter.

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LEWEKO RESOURCES BERHAD

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2014**

16. Comparison of Results with Preceding Quarter

For the quarter under review, the Group registered consolidated revenue and LAT of RM4.12 million and RM3.17 million respectively as compared to a revenue of RM6.82 million and PAT of RM0.29 million in the preceding quarter. The Group recorded lower revenue in the current quarter mainly due to the weaker performance of the timber division. The loss recorded in the current quarter was mainly due to the re-assessment of financial assets which resulted a loss of RM2.92 into the Group's results.

The timber division recorded revenue of RM0.90 million, a decrease of 31.0% from RM1.31 million recorded in the preceding quarter. This division recorded a LBT of RM1.82 million as compared to the LBT of RM0.73 million recorded in the preceding quarter in tandem with the decrease in revenue.

The precast concrete division recorded revenue of RM2.99 million, a decrease of 12.0% from RM3.42 million recorded in the preceding quarter. This was mainly due to the lower workdone during the current financial quarter. However, this division was able to record a PBT of RM0.50 million as compared to the PBT of RM0.42 million in the preceding quarter contributed to the better profit margin achieved in the current quarter.

The property division recorded revenue of RM0.24 million as compared to the revenue of RM2.09 million recorded in the preceding quarter. This division recorded a PBT of RM0.13 million as compared to the PBT of RM0.71 million in the preceding year's corresponding quarter due to the higher sales and marketing expenses incurred in the current quarter.

17. Commentary on Prospects

The performance of the Group's timber division was adversely affected by the lower logging activities due to the delay in obtaining logging permit. The Group is continuously review its product mix in its downstream activities and planning to diversify its downstream products.

The Group's precast concrete division continuously receiving new orders during the quarter under review. 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 has conducted construction works for its property projects in Ipoh and this division has started to contribute to the Group bottom line.

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
Income tax		
Current financial year	(190)	(190)
Deferred taxation		
Current financial year	3	334
	(187)	144

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2014**

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 19 August 2014.

23. Borrowings and Debt Securities

	Secured RM'000	Total RM'000
Short term borrowings	15,327	15,327
Long term borrowings	5,929	5,929
	<u>21,256</u>	<u>21,256</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 19 August 2014.

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 Court has granted adjudication and receiving bankruptcy order against the Defendant on 23 June 2014.

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2014****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	108
Rental of premises paid to Jurang Hijau Sdn. Bhd., a company in which persons connected with a director of the Company have interests	-	5

27. Basic/Diluted Profit Per Share

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Net lost attributable to owners of the parent	(3,405)	(2,474)
Weighted average number of ordinary shares in issue ('000)	241,748	241,748
Basic/diluted loss per share (sen)	(1.41)	(1.02)

28. Dividends Payable

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

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LEWEKO RESOURCES BERHAD

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2014**

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 30.6.2014 RM'000	As At 30.6.2013 RM'000
Total retained earnings of the Leweko Resources Berhad and its subsidiary companies		
Realised	48,135	29,975
Unrealised	490	(835)
	<hr/> 48,625	<hr/> 29,140
Consolidated adjustments	(77,437)	(55,478)
Total Group's retained earnings as per statement of financial position	<hr/> <hr/> <u>(28,812)</u>	<hr/> <hr/> <u>(26,338)</u>

By order of the Board,

Chan Chee Kheong
Company Secretary

26 August 2014