

**LEWEKO RESOURCES BERHAD**Company No. 568420-K  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

|   | <b>As At<br/>30.09.2017<br/>RM'000<br/>(Unaudited)</b> | <b>As At<br/>30.6.2017<br/>RM'000<br/>(Audited)</b> |
|---|--|---|
| <b>ASSETS</b>                                       |  |   |
| <b>Non-Current Assets</b>                           |  |   |
| Property, plant and equipment                       | 7,471  | 7,354   |
| Other intangible assets                             | 1,871  | 1,974   |
| Land held for property development                  | 9,208  | 9,207   |
| Investment in an associate                          | 8,127  | 8,127   |
| Amount owing by an associated                       | 4,937  | 6,082   |
| Deferred tax assets                                 | 4,253  | 4,253   |
| Goodwill  | 2,675  | 2,675   |
| Advances for log purchases                          | 3,500  | 4,000   |
| <b>Total non-current assets</b>                     | <b>42,042</b>  | <b>43,672</b>                                       |
| <b>Current Assets</b>                               |  |   |
| Property development projects                       | 6,703  | 7,315   |
| Inventories   | 6,394  | 6,431   |
| Amount owing by an associate                        | 14,971   | 14,971  |
| Trade and other receivables                         | 23,055   | 21,960  |
| Current tax assets                                  | 14   | 13  |
| Accrued billing                                     | 600  | 600   |
| Other assets  | 15,853   | 15,823  |
| Fixed deposits, cash and bank balances              | 1,116  | 2,752   |
|   | <b>68,706</b>  | <b>69,865</b>                                       |
| Assets classified as held for sale                  | 13,000   | 13,000  |
| <b>Total current assets</b>                         | <b>81,706</b>  | <b>82,865</b>                                       |
| <b>Total assets</b>                                 | <b>123,748</b>   | <b>126,537</b>                                      |
| <b>EQUITY AND LIABILITIES</b>                       |  |   |
| <b>Capital and Reserves</b>                         |  |   |
| Share capital                                       | 69,143   | 69,143  |
| Retained earnings                                   | 19,064   | 18,972  |
| <b>Equity attributable to owners of the Company</b> | <b>88,207</b>  | <b>88,115</b>                                       |
| <b>Non-controlling interests</b>                    | <b>1,849</b>   | <b>1,633</b>  |
| <b>Total equity</b>                                 | <b>90,056</b>  | <b>89,748</b>                                       |
| <b>Non-Current Liabilities</b>                      |  |   |
| Hire-purchase payables                              | 594  | 531   |
| Borrowings  | 15,362   | 15,440  |
| Deferred tax liabilities                            | 2,903  | 2,903   |
| <b>Total non-current liabilities</b>                | <b>18,859</b>  | <b>18,874</b>                                       |

**LEWEKO RESOURCES BERHAD**Company No. 568420-K  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**  
*[CONTINUED]*

|                                     | <b>As At</b><br><b>30.09.2017</b><br>RM'000<br>(Unaudited) | <b>As At</b><br><b>30.6.2017</b><br>RM'000<br>(Audited) |
|-------------------------------------|--|---|
| <b>Current Liabilities</b>          |  |   |
| Trade and other payables            | 8,117  | 10,229  |
| Hire-purchase payables              | 204  | 209   |
| Borrowings                          | 4,692  | 4,923   |
| Current tax liabilities             | 453  | 453   |
| Other liabilities                   | 1,367  | 2,101   |
| <b>Total current liabilities</b>    | <b>14,833</b>  | <b>17,915</b>   |
| <b>Total liabilities</b>            | <b>33,692</b>  | <b>36,789</b>   |
| <b>Total equity and liabilities</b> | <b>123,748</b>   | <b>126,537</b>  |
| <br>                                |  |   |
| <b>Net Assets per Share (RM)</b>    | <b>0.28</b>  | <b>0.28</b>   |

*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 SEPTEMBER 2017  
(UNAUDITED)**

|  | Individual Quarter                           |  | Cumulative Quarter                           |   |
|--|--|--|--|---|
|  | Current Year Quarter<br>30.09.2017<br>RM'000 | Preceding Year Corresponding Quarter<br>30.09.2016<br>RM'000 | Current Year To Date<br>30.09.2017<br>RM'000 | Preceding Year Corresponding Period<br>30.09.2016<br>RM'000 |
| Revenue  | 6,247  | 9,845  | 6,247  | 9,845   |
| Investment revenue   | 355  | -  | 355  | -   |
| Other gains and losses   | (24)   | (12)   | (24)   | (12)  |
| Other operating income   | 200  | -  | 200  | -   |
| Employee benefits expenses   | (894)  | (887)  | (894)  | (887)   |
| Depreciation of property, plant and equipment  | (125)  | (157)  | (125)  | (157)   |
| Amortisation of intangible assets  | (103)  | (103)  | (103)  | (103)   |
| Property development project recognised  | (301)  | (4,743)  | (301)  | (4,743)   |
| Contract cost recognised   | (4,087)                                      | (1,942)  | (4,087)                                      | (1,942)   |
| Other operating expenses   | (595)  | (374)  | (595)  | (374)   |
| Profit from operations   | 673  | 1,627  | 673  | 1,627   |
| Finance costs  | (365)  | (343)  | (365)  | (343)   |
| Profit before tax  | 308  | 1,284  | 308  | 1,284   |
| Tax income/(expense)   | -  | -  | -  | -   |
| Profit and total comprehensive /<br>income for the year from continuing<br>operations        | 308  | 1,284  | 308  | 1,284   |
| Loss and total comprehensive loss for the year<br>from discontinued operations               | -  | (424)  | -  | (424)   |
| <b>Net profit and total comprehensive income for<br/>the year</b>                            | <b>308</b>                                   | <b>860</b>   | <b>308</b>                                   | <b>860</b>  |
| Profit and total comprehensive profit attributable to:                                       |  |  |  |   |
| Owners of the Company  | 92   | 749  | 92   | 749   |
| Non-controlling interest   | 216  | 111  | 216  | 111   |
|  | <b>308</b>                                   | <b>860</b>   | <b>308</b>                                   | <b>860</b>  |
| <b>Basic/diluted (loss)/profit per share attributable<br/>to owners of the Company (sen)</b> | <b>0.03</b>                                  | <b>0.23</b>  | <b>0.03</b>                                  | <b>0.23</b>   |

*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 SEPTEMBER 2017**  
(UNAUDITED)

|  | Attributable to owners of the Company |                   |               | Non-         |               |
|--|---------------------------------------|-------------------|---------------|--------------|---------------|
|  | Share                                 | Distributable     | Non-          | Non-         | Total         |
|  | Capital                               | Retained Earnings | distributable | controlling  |               |
|  | RM'000                                | RM'000            | Share         | Interest     | RM'000        |
|  |                                       |                   | Premium       | RM'000       |               |
|  |                                       |                   | RM'000        |              |               |
| <b>2018</b>  |                                       |                   |               |              |               |
| <b>Balance as of 1 July 2017</b>                   | 69,143                                | 18,972            | -             | 1,633        | 89,748        |
| Profit and total comprehensive income for the year | -                                     | 92                | -             | 216          | 308           |
| <b>Balance as of 30 September 2017</b>             | <u>69,143</u>                         | <u>19,064</u>     | <u>-</u>      | <u>1,849</u> | <u>90,056</u> |
| <b>2017</b>  |                                       |                   |               |              |               |
| <b>Balance as of 1 July 2016</b>                   | 64,379                                | 34,651            | 4,764         | 1,010        | 104,804       |
| Loss and total comprehensive loss for the year     | -                                     | (15,692)          | -             | 636          | (15,056)      |
| Acquisition by non-controlling interests           | -                                     | 13                | -             | (13)         | -             |
| Transfer arising from "no par value" regime        | 4,764                                 | -                 | (4,764)       | -            | -             |
| <b>Balance as of 30 June 2017</b>                  | <u>69,143</u>                         | <u>18,972</u>     | <u>-</u>      | <u>1,633</u> | <u>89,748</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 30 SEPTEMBER 2017**  
(UNAUDITED)

|  | <b>Current<br/>Year<br/>To Date<br/>30.09.2017<br/>RM'000</b> | <b>Financial<br/>Year<br/>Ended<br/>30.06.2017<br/>RM'000</b> |
|--|---|---|
| <b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>                            |   |   |
| Profit/(Loss) for the financial period   | 308   | (15,056)  |
| Adjustments for:   |   |   |
| Share of profit in associate   | -   | (762)   |
| Depreciation of property, plant and equipment                                    | 184   | 748   |
| Finance costs  | 364   | 1,918   |
| Fair value adjustments on reassessment of financial assets                       | -   | 1,353   |
| Tax income recognised in profit or loss  | -   | (1,399)   |
| Tax penalties  | -   | 32  |
| Impairment losses recognised on receivables                                      | -   | 132   |
| Impairment loss recognised on advances for log purchase                          | -   | 11,515  |
| Impairment loss recognized on investment property                                | -   | 3,959   |
| Bad debts written off  | -   | 3,368   |
| Amortisation of intangible assets  | 103   | 219   |
| Interest arising from amortisation of financial assets                           | (355)   | (2,027)   |
| Gain on disposal of property, plant and equipment<br>classified as held for sale | -   | (7,472)   |
| Interest income  | 6   | (25)  |
| Impairment loss recognized as goodwill   | -   | 1,860   |
| Loss on disposal of property, plant and equipment                                | 25  | -   |
| Property, plant and equipment written off  | -   | 276   |
|  | <hr/> 635   | <hr/> (1,361)   |
| Movements in working capital:  |   |   |
| (Increase)/Decrease in:  |   |   |
| Inventories  | 36  | (1,096)   |
| Property development projects  | 611   | 4,496   |
| Trade and other receivables  | (1,095)   | (5,350)   |
| Accrued billing  | -   | (600)   |
| Other assets   | (30)  | 753   |
| (Decrease)/Increase in:  |   |   |
| Trade and other payables   | (2,111)   | 3,334   |
| Advanced billings  | -   | (1,431)   |
| Other liabilities  | (735)   | 1,489   |
| Cash Generated From/(Used In) Operations   | <hr/> (2,689)   | <hr/> 234   |
| Interest income received   | (6)   | 25  |
| Income tax paid  | (1)   | (530)   |
| Net Cash Used In Operating Activities  | <hr/> (2,696)   | <hr/> (271)   |

**LEWEKO RESOURCES BERHAD**Company No. 568420-K  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017**

(UNAUDITED)

[CONTINUED]

|  | <b>Current<br/>Year<br/>To Date<br/>30.06.2017<br/>RM'000</b> | <b>Financial<br/>Year<br/>Ended<br/>30.06.2016<br/>RM'000</b> |
|--|---|---|
| <b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>                                  |   |   |
| Proceeds from disposal of property, plant and equipment<br>classified as held for sale | -   | 15,208  |
| Repayment by an associate  | 1,500   | 2,100   |
| Interest received on fixed deposits  | -   | 1   |
| Additions to investment properties   | -   | (1,034)   |
| Purchase of property, plant and equipment  | (221)   | (709)   |
| Proceeds from disposal of property, plant and equipment                                | 47  | -   |
| Repayment from advance of log purchases  | 500   | -   |
| (Placement)/Uplift of fixed deposits   | -   | (55)  |
| Net Cash From /(Used In) Investing Activities  | <u>1,826</u>  | <u>15,511</u>   |
| <b>CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES</b>                                  |   |   |
| Proceeds from term loans   | -   | 1,200   |
| Repayment of bank overdraft – net  | 147   | (2,056)   |
| Repayment of bankers' acceptances and trust receipts - net                             | (403)   | (3,799)   |
| Finance costs paid   | (365)   | (1,918)   |
| Repayment of term loans  | (53)  | (2,360)   |
| Repayment of short-term revolving credits – net  | -   | (5,125)   |
| Repayment of hire-purchase payables  | (92)  | (219)   |
| Net Cash (Used In)/From Financing Activities   | <u>(766)</u>  | <u>(14,277)</u>   |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH<br/>EQUIVALENTS</b>                        | (1,636)   | 963   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF<br/>YEAR</b>                              | <u>2,648</u>  | <u>1,685</u>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <u><u>1,012</u></u>   | <u><u>2,648</u></u>   |
| Cash and cash equivalents comprise:  |   |   |
| Bank and cash balances   | 1,012   | 2,648   |
| Fixed deposits   | 104   | 104   |
|  | <u>1,116</u>  | <u>2,752</u>  |
| Fixed deposits pledged for banking facilities  | (104)   | (104)   |
|  | <u><u>1,012</u></u>   | <u><u>2,648</u></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  
(Incorporated in Malaysia)

## NOTES TO INTERIM FINANCIAL REPORT FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

### 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 30 June 2017. 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 30 June 2017. 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

On November 19, 2011, the Malaysian Accounting Standards Board (“MASB”) has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”), a fully International Financial Reporting Standards (“IFRS”) compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after January 1, 2012, with the exception of Transitioning Entities (“TEs”).

TEs, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 : Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On September 2, 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that TEs which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by January 1, 2018.

The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSS in the preparation of their financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 : First-time adoption of Malaysian Financial Reporting Standards in their financial statements for the financial year ending June 30, 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

In the current year, the Group and the Company have applied a number of amendments to FRSS and a new Interpretation issued by the MASB that are mandatorily effective for an accounting period that begins on or after July 1, 2016.

The adoption of new and revised FRSS has had no material impact on the disclosures or on the amounts recognised in the financial statements.

The Group and the Company have not elected for early adoption of the relevant new and amendments to FRSS 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 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.

**LEWEKO RESOURCES BERHAD**

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The significant accounting policies adopted are consistent with those in the audited financial statements for the financial year ended 30 June 2017, except for the adoption of FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) for effective date for financial period beginning on or after 1 January 2018.

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial period ended 30 June 2017 was not qualified.

**4. Seasonality or Cyclical Factors**

The Group's performance is not affected by any seasonal or cyclical factors.

**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 for the quarter and the financial year under review.

**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

(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT  
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017****9. Segmental Information**

The Group is organised into the following operating divisions:

- Precast concrete products : manufacturing, construction and installation of precast concrete products.
- Properties : property investment holding, property development, construction of houses, building and other related contract works.
- Others : investment holding and provision of management and corporate services.

**(a) Segment Revenue**

|                           | <b>Current Financial Quarter</b> |                                 |                         | <b>Current Financial Year To Date</b> |                                 |                         |
|---------------------------|----------------------------------|---------------------------------|-------------------------|---------------------------------------|---------------------------------|-------------------------|
|                           | <b>External<br/>RM'000</b>       | <b>Inter-segment<br/>RM'000</b> | <b>Total<br/>RM'000</b> | <b>External<br/>RM'000</b>            | <b>Inter-segment<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| Precast concrete products | 4,198                            | -                               | 4,198                   | 4,198                                 | -                               | 4,198                   |
| Properties                | 2,049                            | -                               | 2,049                   | 2,049                                 | -                               | 2,049                   |
| Others                    | 84                               | (84)                            | -                       | 84                                    | (84)                            | -                       |
|                           | <u>6,331</u>                     | <u>(84)</u>                     | <u>6,247</u>            | <u>6,331</u>                          | <u>(84)</u>                     | <u>6,247</u>            |

**(b) Segment Results**

|                           | <b>RM'000</b> | <b>RM'000</b> |
|---------------------------|---------------|---------------|
| Precast concrete products | 437           | 437           |
| Properties                | 162           | 162           |
| Others                    | 74            | 74            |
|                           | <u>673</u>    | <u>673</u>    |
| Finance costs             | (365)         | (365)         |
| Profit before tax         | <u>308</u>    | <u>308</u>    |
| Tax expense               | -             | -             |
| Profit after tax          | <u>308</u>    | <u>308</u>    |

**LEWEKO RESOURCES BERHAD**

Company No. 568420-K  
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**NOTES TO INTERIM FINANCIAL REPORT  
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017**

**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 save for the Dura Technology Sdn Bhd, a 51% owned subsidiary of the Company had on July 28, 2017 incorporated a wholly- owned subsidiary known as Dura Technology International Sdn. Bhd., a company incorporated in Malaysia for a total consideration of RM2.

**13. Changes in Contingent Liabilities and Contingent Assets**

There were no material changes in the contingent liabilities or contingent assets since the end of the last financial period.

**14. Capital Commitments**

Capital commitments as at the end of the current financial quarter are as follow:

|                               | Approved and<br>contracted for<br>RM'000 | Approved but not<br>contracted for<br>RM'000 |
|-------------------------------|--|--|
| Property, plant and equipment | 5,372                                    | 2,628  |

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**LEWEKO RESOURCES BERHAD**Company No. 568420-K  
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT  
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017****15. Performance Review****Group and Segment Analysis For Continuing Operations****For the Quarter**

| <b>3 months ended</b>             | <b>30.09.2017</b> | <b>30.09.2016</b> | <b>Changes</b> |             |
|-----------------------------------|-------------------|-------------------|----------------|-------------|
|                                   | RM'000            | RM'000            | RM'000         | %           |
| <b>Revenue</b>                    |                   |                   |                |             |
| Precast concrete products         | 4,198             | 2,809             | 1,389          | 49          |
| Properties                        | 2,049             | 7,036             | (4,987)        | (71)        |
| Others                            | -                 | -                 | -              | -           |
|                                   | <u>6,247</u>      | <u>9,845</u>      | <u>(3,598)</u> | <u>(37)</u> |
| <b>Segment results</b>            |                   |                   |                |             |
| Precast concrete products         | 437               | 210               | 227            | 108         |
| Properties                        | 162               | 2,017             | (1,855)        | (92)        |
| Others                            | 74                | (600)             | 674            | 112         |
| Profit from operations            | <u>673</u>        | <u>1,627</u>      | <u>(954)</u>   | <u>(59)</u> |
| Finance costs                     | <u>(365)</u>      | <u>(343)</u>      | <u>(22)</u>    | <u>(6)</u>  |
| Profit before tax                 | <u>308</u>        | <u>1,284</u>      | <u>(976)</u>   | <u>(76)</u> |
| Tax expense                       | <u>-</u>          | <u>-</u>          | <u>-</u>       |             |
| Profit after tax                  | <u>308</u>        | <u>1,284</u>      | <u>(976)</u>   | <u>(76)</u> |
| Loss from discontinued operations | <u>-</u>          | <u>(424)</u>      |                |             |
|                                   | <u>308</u>        | <u>860</u>        | <u>(552)</u>   | <u>(64)</u> |
| Non-controlling interest          | <u>(216)</u>      | <u>(111)</u>      | <u>(105)</u>   | <u>(95)</u> |
| Company                           | <u>92</u>         | <u>749</u>        | <u>(657)</u>   | <u>(88)</u> |

The Group registered revenue and profit before tax ("PBT") of RM6.25 million and RM0.31 million respectively as compared to a revenue of RM9.84 million and PBT of RM1.28 million in the last year's corresponding quarter mainly due to the lower contributions from the property divisions..

The precast concrete division recorded higher revenue and operating profit as compared to last year's corresponding quarter. This was mainly contributed by Kuala Terengganu Bypass project which recorded higher percentage of completion.

The property division recorded lower revenue and operating profit as compared to last year's corresponding quarter. This was mainly due to the near completion and lower sales from the projects in Ipoh.

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**16. Explanatory comments on Any Material Change in the Profit Before Taxation for the Quarter Reported on as Compared with the Immediate Preceding Quarter**

**First Quarter 2018 vs Fourth Quarter 2017**

|  | Current Quarter      | Immediate<br>Preceding<br>Quarter | Changes |      |
|--|----------------------|-----------------------------------|---------|------|
|  | 30.09.2017<br>RM'000 | 30.06.17<br>RM'000                | RM'000  | %    |
| <b>Revenue</b>                               |                      |                                   |         |      |
| Precast concrete products                    | 4,198                | 3,529                             | 669     | 19   |
| Properties                                   | 2,049                | 1,408                             | 641     | 46   |
| Others                                       | -                    | -                                 | -       | -    |
|  | 6,247                | 4,937                             | 1,310   | 27   |
| <b>Segment results</b>                       |                      |                                   |         |      |
| Precast concrete products                    | 437                  | (251)                             | 688     | 274  |
| Properties                                   | 162                  | (8,431)                           | 8,593   | 102  |
| Others                                       | 74                   | 685                               | (611)   | (89) |
| Profit/(loss) from operations                | 673                  | (7,997)                           | 8,670   | 108  |
| Finance costs                                | (365)                | (940)                             | 575     | 61   |
| Profit before tax                            | 308                  | (8,937)                           | 9,245   | 103  |
| Share of profit in associate                 |                      | 762                               |         |      |
|  | 308                  | (8,175)                           | 9,245   | 103  |
| Tax expense                                  | -                    | 2,073                             | (2,073) |      |
| Profit/(loss) after tax                      | 308                  | (6,102)                           | 6,410   | 105  |
| Loss from discontinued operations            | -                    | (424)                             |         |      |
|  | 308                  | (6,526)                           | 6,834   | 105  |
| Non-controlling interest                     | (216)                | (372)                             | 156     | 42   |
| Profit attributable to owners of the Company | 92                   | (6,898)                           | 6,990   | 101  |

The Group registered revenue and profit before tax (“PBT”) of RM6.25 million and RM0.31 million respectively as compared to a revenue of RM4.94 million and Loss before tax (“LBT”) of RM8.18 in the preceding quarter mainly due to the higher contributions from the precast concrete and property divisions.

The precast concrete division recorded higher revenue and operating profit as compared to preceding quarter. This was mainly contributed by Kuala Terengganu Bypass project which recorded higher percentage of completion.

The property division recorded higher revenue contributed by the higher sales achieved in the quarter under review. This division managed to turnaround with a profit of RM0.16 million due to the absence of impairment of losses in investment properties and goodwill amounting to RM5.82 million which were charged out in the preceding quarter.

**LEWEKO RESOURCES BERHAD**

Company No. 568420-K  
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**NOTES TO INTERIM FINANCIAL REPORT  
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017**

**17. Commentary on Prospects**

The Group's precast concrete division which own "DURA" trademark based on Ultra-High Performance 'ductile Concrete ("UHPdC") technology is getting more recognition and enquiries from local and oversea customers. The Group plans to expand its manufacturing capacity by setting up a new production line with estimation costs of RM8 million in order to fulfil the expected increase in demand of UHPdC in 2018. At the meantime, the Group plans to expand the precast concrete geographically by venturing into oversea market like Singapore, Vietnam, Australia and Canada.

The overall property market in Ipoh, in particular of commercial properties, was soft due to tight financing conditions impose by financial institution. Our property division has been experiencing a slowdown in first quarter of 2018 with low transactions. This situation is expected to continue for the remaining year. The Group will re-assess the feasibility of the proposed new projects and will cautiously manage its property development activities.

Besides the slowing down in the property division, the Board is fairly confident that the performance of the precast concrete will be improved in the future.

**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**

|                          | <b>Current Financial<br/>Quarter<br/>RM'000</b> | <b>Current Financial<br/>Year To Date<br/>RM'000</b> |
|--------------------------|---|--|
| Income tax               |   |  |
| Current financial period | -   | -  |
| Deferred taxation        |   |  |
| Current financial period | -   | -  |
|                          | -   | -  |

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**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 23 Jun 2017, the Group announced proposed disposal of a portion of a piece of land together with one (1) unit of one and a half (1½) storey detached supermarket cum car park to E Grocery Sdn Bhd. The approval for the application for surrender, amalgamation and re-alienation of the said land into individual title deed has been approved by the Perak State Authority on 1 November 2017.

The said application has been forwarded to the Valuation and Property Services Department of Perak on 22 November 2017 for their purposes of presenting a report or valuation of the land concerned.

**23. Borrowings and Debt Securities**

|                       | <b>30.09.2017</b> | <b>30.06.2017</b> |
|-----------------------|-------------------|-------------------|
|                       | RM'000            | RM'000            |
| <b>Secured</b>        |                   |                   |
| Short term borrowings | 4,896             | 5,132             |
| Long term borrowings  | 15,956            | 15,971            |
|                       | <u>20,852</u>     | <u>21,103</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 23 November 2017.

**25. Changes in Material Litigations**

**(I) Dura Technology Sdn. Bhd. ["DURA"] vs. Megat Ahmad Shahrani Sdn. Bhd. ["Defendant"]**

On 5 February 2016, DURA filed a summons to the Ipoh High Court to recover a sum of approximately RM1,424,680 for the supply and installation of beams and other related work in respect of the project "Membina Jambatan Dari Kg. Baharu Ke Kg. Teluk (Menyeberangi Sg. Ayer Tawar), Daerah Manjung, Perak Darul Ridzuan" with the Defendant.

On 22 November 2017, the Court has fixed the matter for trial on 26 March 2018 and 27 March 2018.

**(II) Dura Technology Sdn. Bhd. ["DURA"] vs. H.S. Development Sdn. Bhd. ["Defendant"]**

On 29 July 2016, DURA filed a summons to the Ipoh High Court to recover a sum of approximately RM1,187,200 for the supply and installation of beams and other related work in respect of the project "Menaiktaraf Jalan dari Jalan Utama Kg. Orang Asli Bawong – RPS Legap ke Pos Perwor, Sungai Siput, Perak" with the Defendant.

On 20 September 2017, DURA have received a Deed of Guarantee from a director of the Defendant to pay a sum of RM200,000 as partial settlement towards the judgment sum owing to DURA. The guarantee was given by the director of the Defendant without prejudice to the Summary Judgment against the Defendant granted by the Ipoh High Court.

**LEWEKO RESOURCES BERHAD**Company No. 568420-K  
(Incorporated in Malaysia)**26. Related Party Transactions**

|  | <b>Current Financial<br/>Quarter<br/>RM'000</b> | <b>Current Financial<br/>Year To Date<br/>RM'000</b> |
|--|---|--|
| Rental of premises paid to Limbongan Bersama Sdn. Bhd., a company in which certain directors of the Company have interests | 27  | 27   |

**27. Basic/Diluted (Loss)/Profit Per Share**

|  | <b>Current Financial<br/>Quarter<br/>RM'000</b> | <b>Current Financial<br/>Year To Date<br/>RM'000</b> |
|--|---|--|
| Net (loss)/profit attributable to owners of the Company    | 92  | 92   |
| Weighted average number of ordinary shares in issue ('000) | 321,893   | 321,893  |
| Basic/diluted (loss)/profit per share (sen)                | 0.03  | 0.03   |

**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:-

|   | <b>As At<br/>30.09.2017<br/>RM'000</b> | <b>As At<br/>30.6.2017<br/>RM'000</b> |
|---|--|---------------------------------------|
| Total retained earnings of the Leweko Resources Berhad and its subsidiary companies |  |                                       |
| Realised  | 12,551                                 | 11,906                                |
| Unrealised  | 1,350                                  | 1,350                                 |
|   | <u>13,901</u>                          | <u>13,256</u>                         |
| Total share of retained profit in associate   |  |                                       |
| Realised  | (2,782)                                | (2,782)                               |
| Consolidated adjustments  | 7,946                                  | 8,498                                 |
| Total Group's retained earnings as per statement of financial position              | <u>19,065</u>                          | <u>18,972</u>                         |

By order of the Board,

Chan Chee Kheong  
Company Secretary

30 November 2017