

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	As At 30.06.2018 RM'000 (Unaudited)	As At 30.06.2017 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	13,340	7,354
Other intangible assets	1,755	1,974
Land held for property development	5,824	9,207
Investment in an associate	11,945	8,127
Amount owing by an associate	5,875	6,082
Deferred tax assets	3,807	4,253
Goodwill	2,675	2,675
Advances for log purchases	2,000	4,000
Total non-current assets	47,221	43,672
Current Assets		
Property development projects	6,645	7,315
Inventories	6,431	6,431
Amount owing by an associate	14,971	14,971
Trade and other receivables	16,291	21,960
Current tax assets	13	13
Accrued billing	-	600
Other assets	15,455	15,823
Fixed deposits, cash and bank balances	3,056	2,752
	62,862	69,865
Assets classified as held for sale	16,911	13,000
Total current assets	79,773	82,865
Total assets	126,994	126,537
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	69,143	69,143
Retained earnings	15,178	18,972
Equity attributable to owners of the Company	84,321	88,115
Non-controlling interests	3,162	1,633
Total equity	87,483	89,748
Non-Current Liabilities		
Hire-purchase payables	1,076	531
Borrowings	13,949	15,440
Deferred tax liabilities	3,028	2,903
Total non-current liabilities	18,053	18,874

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT 30 JUNE 2018
[CONTINUED]

	As At 30.06.2018 RM'000 (Unaudited)	As At 30.06.2017 RM'000 (Audited)
Current Liabilities		
Trade and other payables	14,793	10,229
Hire-purchase payables	329	209
Borrowings	5,430	4,923
Current tax liabilities	359	453
Other liabilities	547	2,101
Total current liabilities	21,458	17,915
Total liabilities	39,511	36,789
Total equity and liabilities	126,994	126,537
Net Assets per Share (RM)	0.27	0.28

*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 2018
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Corresponding Quarter 30.06.2017 RM'000	Current Year To Date 30.06.2018 RM'000	Preceding Year Corresponding Period 30.06.2017 RM'000
Revenue	4,464	4,937	21,654	35,091
Investment revenue	603	873	1,293	1,047
Other gains and losses	(4)	(7,216)	(19)	(7,178)
Other operating income	427	532	965	636
Employee benefits expenses	(1,167)	(673)	(4,550)	(3,654)
Depreciation of property, plant and equipment	(147)	(128)	(528)	(555)
Amortisation of intangible assets	(39)	(39)	(219)	(219)
Property development project recognised	(300)	9,693	(601)	(2,411)
Contract cost recognised	(3,430)	(15,294)	(17,152)	(23,585)
Other operating expenses	(2,572)	(682)	(4,858)	(2,238)
Share of profit in associate	3,962	762	3,818	762
Profit/(Loss) from operations	1,797	(7,235)	(197)	(2,304)
Finance costs	(574)	(940)	(1,658)	(1,918)
(Profit/(Loss) before tax	1,223	(8,175)	(1,855)	(4,222)
Tax income/(expense)	(1,006)	1,456	(1,074)	1,399
Profit/(Loss) and total comprehensive income/ (loss) for the year from continuing operations	217	(6,719)	(2,929)	(2,823)
Loss and total comprehensive loss for the year from discontinued operations	(806)	(9,448)	(806)	(12,233)
Net Profit/(loss) and total comprehensive income/(loss) for the year	(589)	(16,167)	(3,735)	(15,056)
Profit/(Loss) and total comprehensive Income/(loss) attributable to:				
Owners of the Company	(203)	(15,795)	(3,794)	(15,692)
Non-controlling interest	(386)	(372)	59	636
	(589)	(16,167)	(3,735)	(15,056)
Basic/diluted Profit/(Loss)/profit per share attributable to owners of the Company (sen)	(0.06)	(4.91)	(1.18)	(4.87)

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

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
FINANCIAL QUARTER ENDED 30 JUNE 2018
(UNAUDITED)

	Attributable to owners of the Company			Non-controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Distributable Retained Earnings RM'000	Non-distributable Share Premium RM'000		
2018					
Balance as of 1 July 2017	69,143	18,972	-	1,633	89,748
(Loss)/Profit and total comprehensive (loss)/income for the year	-	(3,794)	-	59	(3,735)
Issue of shares to non-controlling interests	-	-	-	1,470	1,470
Balance as of 30 June 2018	69,143	15,178	-	3,162	87,483
2017					
Balance as of 1 July 2016	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)	-	-
Balance as of 30 June 2017	69,143	18,972	-	1,633	89,748

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 2018
(UNAUDITED)

	Current Year To Date 30.06.2018 RM'000	Financial Year Ended 30.06.2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss for the financial period	(3,735)	(15,056)
Adjustments for:		
Share of profit in associate	(3,818)	(762)
Depreciation of property, plant and equipment	695	748
Finance costs	1,658	1,918
Fair value adjustments on reassessment of financial assets	-	1,353
Tax expense recognised in profit or loss	905	(1,399)
Tax penalties	-	32
Impairment losses recognised on receivables	2,221	132
Impairment loss recognised on advances for log purchase	700	11,515
Impairment loss recognized on investment property	-	3,959
Bad debts written off	-	3,368
Amortisation of intangible assets	219	219
Interest arising from amortisation of financial assets	(1,293)	(2,027)
Gain on disposal of property, plant and equipment classified as held for sale	-	(7,472)
Interest income	8	(25)
Impairment loss recognized as goodwill	-	1,860
Loss on disposal of property, plant and equipment	16	-
Property, plant and equipment written off	-	276
	<hr/>	<hr/>
	(2,424)	(1,361)
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	-	(1,096)
Property development projects	740	4,496
Trade and other receivables	3,448	(5,350)
Accrued billing	-	(600)
Other assets	368	753
(Decrease)/Increase in:		
Trade and other payables	4,564	3,334
Advanced billings	-	(1,431)
Other liabilities	(1,553)	1,489
	<hr/>	<hr/>
Cash Generated From Operations	5,144	234
Interest income received	(8)	25
Income tax paid	(431)	(530)
Income tax refunded	3	-
	<hr/>	<hr/>
Net Cash From/(Used) In Operating Activities	4,708	(271)

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FINANCIAL QUARTER ENDED 30 JUNE 2018
(UNAUDITED)
[CONTINUED]

	Current Year To Date 30.06.2018 RM'000	Financial Year Ended 30.06.2017 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment 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	(5,820)	(709)
Proceeds from disposal of property, plant and equipment	55	-
Repayment from advance of log purchases	1,300	-
(Placement)/Uplift of fixed deposits	(136)	(55)
Net Cash (Used In)/From Investing Activities	<u>(3,101)</u>	<u>15,511</u>
CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES		
Proceeds from term loans	-	1,200
Repayment of bank overdraft – net	(781)	(2,056)
Proceed/(Repayment) of bankers' acceptances and trust receipts - net	828	(3,799)
Finance costs paid	(1,658)	(1,918)
Repayment of term loans	(1,031)	(2,360)
Repayment of short-term revolving credits – net	-	(5,125)
Repayment of hire-purchase payables	(268)	(219)
Proceeds from issuance of shares to non-controlling interests	1,470	-
Net Cash Used In Financing Activities	<u>(1,440)</u>	<u>(14,277)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	167	963
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,648</u>	<u>1,685</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>2,815</u></u>	<u><u>2,648</u></u>
Cash and cash equivalents comprise:		
Bank and cash balances	2,815	2,648
Fixed deposits	241	104
	<u>3,056</u>	<u>2,752</u>
Fixed deposits pledged for banking facilities	(241)	(104)
	<u><u>2,815</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 JUNE 2018

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

Company No. 568420-K
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2018**

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

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2018****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

	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
Precast concrete products	3,364	-	3,364	16,130	-	16,130
Properties	1,100	-	1,100	5,524	-	5,524
Others	84	(84)	-	336	(336)	-
	<u>4,548</u>	<u>(84)</u>	<u>4,464</u>	<u>21,990</u>	<u>(336)</u>	<u>21,654</u>

(b) Segment Results

	RM'000	RM'000
Precast concrete products	(366)	752
Properties	(2,087)	(4,627)
Others	288	(140)
	<u>(2,165)</u>	<u>(4,015)</u>
Share of profit in associate	3,962	3,818
Finance costs	(574)	(1,658)
Profit/(Loss) before tax	<u>1,223</u>	<u>(1,855)</u>
Tax expense	(1,006)	(1,074)
Profit/(loss) after tax	<u><u>217</u></u>	<u><u>(2,929)</u></u>

LEWEKO RESOURCES BERHAD

Company No. 568420-K
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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2018**

10. Valuations of Property, Plant and Equipment

There were no valuations of property, plant and equipment brought forward from the previous annual financial statements. The property, plant and equipment are stated at their historical cost less accumulated depreciation.

11. Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter which has not been reflected in the interim financial report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

13. Changes in Contingent Liabilities and Contingent Assets

There were no 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 contracted for RM'000	Approved but not contracted for RM'000
Property, plant and equipment	1,800	-

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2018****15. Performance Review****Group and Segment Analysis For Continuing Operations****For the Quarter**

3 months ended	30.06.2018	30.06.2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Precast concrete products	3,364	3,529	(165)	(5)
Properties	1,100	1,408	(308)	(22)
Others	-	-	-	-
	<u>4,464</u>	<u>4,937</u>	<u>(473)</u>	<u>(10)</u>
Segment results				
Precast concrete products	(366)	(251)	(115)	46
Properties	(2,087)	(8,431)	6,344	(75)
Others	288	685	(397)	58
Share of profit in associate	3,962	762	3,200	-
Profit/(Loss) from operations	<u>1,797</u>	<u>(7,235)</u>	<u>9,032</u>	<u>(125)</u>
Finance costs	<u>(574)</u>	<u>(940)</u>	<u>366</u>	<u>39</u>
Profit/(Loss) before tax	<u>1,223</u>	<u>(8,175)</u>	<u>9,398</u>	<u>(115)</u>
Tax expense	<u>(1,006)</u>	<u>1,456</u>	<u>(2,462)</u>	<u>-</u>
Profit/(Loss) after tax	<u>217</u>	<u>(6,719)</u>	<u>6,936</u>	<u>(103)</u>
Loss from discontinued operations	<u>(806)</u>	<u>(9,448)</u>	<u>8,642</u>	<u>-</u>
	<u>(589)</u>	<u>(16,167)</u>	<u>15,578</u>	<u>(96)</u>
Non-controlling interest	<u>386</u>	<u>372</u>	<u>14</u>	<u>-</u>
Profit/(Loss) attributable to owners of the Company	<u>(203)</u>	<u>(15,795)</u>	<u>15,592</u>	<u>(99)</u>

The Group's continuing operation registered revenue and profit before tax ("PBT") of RM4.46 million and RM1.22 million respectively as compared to a revenue of RM4.94 million and loss before tax ("LBT") of RM8.18 million in the last year's corresponding quarter. The decrease in revenue is mainly due to the lower contributions from the precast concrete and property divisions. The increase in PBT in the current quarter was mainly contributed by higher share of profit from associate amounting to RM3.96 million (2017: RM0.76 million) and lower impairment loss for the Group's continuing operation.

The precast concrete division recorded lower revenue as compared to last year's corresponding quarter. The operating loss increased by RM0.12 million mainly due to the increase in startup and operating costs related to expansion of new production line.

The property division recorded lower revenue as compared to last year's corresponding quarter. The loss in property division was mainly due to the impairment losses recognized on receivable amounting to RM2.11 million.

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2018****16. Explanatory comments on Any Material Change in the Profit Before Taxation for the Quarter Reported on as Compared with the Immediate Preceding Quarter****Fourth Quarter 2018 vs Third Quarter 2018**

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2018 RM'000	31.03.2018 RM'000	RM'000	%
Revenue				
Precast concrete products	3,364	3,668	(304)	(8)
Properties	1,100	1,563	(463)	(30)
Others	-	-	-	-
	<u>4,464</u>	<u>5,231</u>	<u>(767)</u>	<u>(15)</u>
Segment results				
Precast concrete products	(366)	422	(788)	187
Properties	(2,087)	(918)	(1,169)	(127)
Others	288	(474)	762	(161)
Share of profit in associate	<u>3,962</u>	<u>(95)</u>	<u>4,057</u>	<u>-</u>
Profit/(Loss) from operations	1,797	(1,065)	2,862	269
Finance costs	<u>(574)</u>	<u>(374)</u>	<u>(200)</u>	<u>(53)</u>
Profit/(Loss) before tax	1,223	(1,439)	2,662	185
Tax expense	<u>(1,006)</u>	<u>(68)</u>	<u>(938)</u>	<u>-</u>
(Loss)/Profit after tax	217	(1,507)	1,724	114
Loss from discontinued operations	<u>(806)</u>	<u>-</u>	<u>(806)</u>	<u>-</u>
	(589)	(1,507)	918	61
Non-controlling interest	<u>386</u>	<u>(128)</u>	<u>514</u>	<u>-</u>
Profit/(Loss) attributable to owners of the Company	<u>(203)</u>	<u>(1,635)</u>	<u>1,432</u>	<u>88</u>

The Group's continuing operation registered revenue and PBT of RM4.46 million and RM1.22 million respectively as compared to a revenue of RM5.23 million and LBT of RM1.44 million in the preceding quarter. The decrease in revenue is mainly due to the lower contributions from the precast concrete and property divisions. The increase in PBT in the current quarter was mainly contributed by higher share of profit from associate amounting to RM3.96 million.

LEWEKO RESOURCES BERHAD

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2018**

The precast concrete division recorded lower revenue as compared to preceding quarter. The decrease in the revenue was mainly due to the delay in the site preparation by a client for a project carried out during the quarter under review. This division incurred a loss of RM0.37 million as compared to profit of RM0.42 million in the preceding quarter mainly due to the increase in startup and operating costs related to expansion of new production line.

The property division recorded lower revenue as compared to preceding quarter mainly due to the lower sale form the projects in Ipoh. The property division recorded a higher loss as compared to previous quarter mainly due to the impairment losses recognized on receivable amounting to RM2.11 million.

17. Commentary on Prospects

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

The Group sees the vast potential of the UHPC pre-cast concrete business with the fast gaining acceptance of the UHPC regionally as well as globally. This has been proven by The Group managed to secured RM73.32 million (2017 : RM30.37 million) contract during the year. The Group plans to improve its financial position by reducing the Group's borrowings and allocate more resources to expand its pre-cast concrete segment. The Group is in the process of expanding its manufacturing capacity by setting up a new production line with estimation costs of RM9 million in order to fulfil the expected increase in demand of UHPdC in the future. At the meantime, the Group is expanding its precast concrete market geographically by venturing into oversea market like Singapore, China, India, Australia and Canada.

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

	Current Financial Quarter RM'000	Current Financial Year To Date RM'000
Income tax		
Current financial period	435	503
Deferred taxation		
Current financial period	535	535
Provision in prior year	36	36
	<u>1,006</u>	<u>1,074</u>

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.

LEWEKO RESOURCES BERHAD

Company No. 568420-K
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NOTES TO INTERIM FINANCIAL REPORT FINANCIAL QUARTER ENDED 30 JUNE 2018

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 Grocer 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 solicitors have perfected the Malayan Banking Berhad [“MBB”] charges onto the new document of titles and the redemption statement for the said new document of title has been issued by MBB on 26 July 2018. The said redemption statement has forwarded to Econsave Cash & Carry (AB) Sdn. Bhd.’s end-financier solicitors for purposes of arranging for the release of the redemption sum to MBB.

The sale and purchase agreement is still subsisting and the completion date falls on or before 31 August 2018 and extended completion date is 30 September 2018.

23. Borrowings and Debt Securities

	30.06.2018	30.06.2017
	RM'000	RM'000
Secured		
Short term borrowings	5,759	5,132
Long term borrowings	15,025	15,971
	<u>20,784</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 August 2018.

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.

The trial fixed on 26 March 2018 ad 27 March 2018 did not proceeded as DURA and the Defendant had come to a settlement arrangement. DURA has agreed to accept the payment of RM1,000,000 as full and final settlement for the amount owing by the Defendant to DURA. A Consent Judgment was recorded in Court on 27 March 2018.

The terms of settlement which was recorded in the Consent Judgment are as detailed below:

- (i) The Defendant has agreed to pay the sum of RM500,000 as first payment to DURA within the period of 12 months from the date of the Consent Judgment.
- (ii) DURA will undertake to provide Design Guarantee to Public Works Department, Malaysia [“JKR”] in relation to the Ultra High Performance Ductiles Concrete (UHPdc) U beam, type [Dura@UBG2000-41.5m](#) as required by JKR for an amount of not exceeding RM768,458.19 with a validity period of 5 years from the date of the provision of the Design Guarantee with the condition that the first payment of RM500,000 is received from the Defendant.

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- (iii) The Defendant will pay the balance of the judgment debt amounting to RM500,000 as second payment to DURA within 7 days from the date the Defendant received payment from JKR.
- (iv) In the event the Defendant fails to pay the first and/or second payment on the agreed dates, the full outstanding balance of the judgment debt will become due and payable with immediate effect.
- (v) Megat Ahmad Shahrani bin Megat Sharuddin (NRIC No. 570628-08-6407) [“Guarantor”], being a director of the Defendant, has agreed to stand as personal guarantor for the sum of not exceeding RM1,000,000 where a Deed of Guarantee is to be executed by the Guarantor.

The Deed of Guarantee has been executed by the Guarantor on 27 March 2018 and a copy of the Consent Judgment has been extracted from the Court on 5 April 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.

The Defendant has informed DURA that they were unable to propose any settlement arrangement with DURA as a winding up proceeding has commenced against them. DURA had made a company search with the Companies Commission of Malaysia and the search report revealed that the Defendant was categorized under “Winding Up”.

Based on the above, DURA had written off the balance of the outstanding amount owing by the Defendant.

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

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

	Current Financial Quarter RM’000	Current Financial Year To Date RM’000
Net profit attributable to owners of the Company	(203)	(3,794)
Weighted average number of ordinary shares in issue ('000)	321,893	321,893
Basic/diluted loss per share (sen)	(0.06)	(1.18)

28. Dividends Payable

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

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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 30.06.2018 RM'000	As At 30.6.2017 RM'000
Total retained earnings of the Leweko Resources Berhad and its subsidiary companies		
Realised	5,784	11,906
Unrealised	779	1,350
	<hr/> 6,563	<hr/> 13,256
Total share of retained profit in associate		
Realised	(2,782)	(2,782)
Consolidated adjustments	11,398	8,498
Total Group's retained earnings as per statement of financial position	<hr/> 15,179	<hr/> 18,972

By order of the Board,

Chan Chee Kheong
Company Secretary

30 August 2018