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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	As At 30.09.2018 RM'000 (Unaudited)	As At 30.06.2018 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,136	13,778
Other intangible assets	1,652	1,755
Land held for property development	6,424	9,808
Investment in an associate	11,879	11,946
Amount owing by an associate	9,733	9,464
Deferred tax assets	3,807	3,807
Goodwill	2,675	2,675
Advances for log purchases	2,000	2,000
Total non-current assets	54,306	55,233
Current Assets		
Property development projects	7,310	7,911
Inventories	5,558	5,733
Amount owing by an associate	11,382	11,382
Trade and other receivables	21,220	19,629
Current tax assets	7	13
Other assets	15,644	16,379
Fixed deposits, cash and bank balances	7,233	2,893
	68,354	63,940
Assets classified as held for sale	-	13,000
Total current assets	68,354	76,940
Total assets	122,600	132,173
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	69,143	69,143
Retained earnings	14,128	15,260
Equity attributable to owners of the Company	83,271	84,403
Non-controlling interests	3,474	3,050
Total equity	86,745	87,453
Non-Current Liabilities		
Hire-purchase payables	2,008	1,074
Borrowings	4,941	2,666
Deferred tax liabilities	3,028	3,028
Total non-current liabilities	9,977	6,768

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

[CONTINUED]

	As At 30.09.2018 RM'000 (Unaudited)	**As At 30.06.2018** RM'000 (Audited)
Current Liabilities		
Trade and other payables	21,199	17,132
Hire-purchase payables	533	330
Borrowings	3,380	16,524
Current tax liabilities	217	313
Other liabilities	609	3,653
Total current liabilities	25,938	37,952
Total liabilities	35,915	44,720
Total equity and liabilities	122,660	132,173
Net Assets per Share (RM)	0.27	0.27

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 2018
(UNAUDITED)

	Individual Quarter		**Cumulative Quarter**	
	Current Year Quarter 30.09.2018 RM'000	**Preceding Year Corresponding Quarter 30.09.2017** RM'000	**Current Year To Date 30.09.2018** RM'000	**Preceding Year Corresponding Period 30.09.2017** RM'000
Revenue	9,118	6,247	9,118	6,247
Investment revenue	269	355	269	355
Other gains and losses	(12)	(24)	(12)	(24)
Other operating income	371	200	371	200
Raw materials and consumables used	(406)	-	(406)	-
Employee benefits expenses	(1,190)	(894)	(1,190)	(894)
Depreciation of property, plant and equipment	(171)	(125)	(171)	(125)
Amortisation of intangible assets	(103)	(103)	(103)	(103)
Property development project recognised	(4,170)	(301)	(4,170)	(301)
Contract cost recognised	(2,901)	(4,087)	(2,901)	(4,087)
Other operating expenses	(641)	(595)	(641)	(595)
Share of loss in associate	(68)	-	(68)	-
Profit/(Loss) from operations	96	673	96	673
Finance costs	(804)	(365)	(804)	(365)
(Profit/(Loss) before tax	(708)	308	(708)	308
Tax income/(expense)	-	-	-	-
Profit/(Loss) and total comprehensive income/ (loss) for the year from continuing operations	(708)	308	(708)	308
Loss and total comprehensive loss for the year from discontinued operations	-	-	-	-
Net Profit/(loss) and total comprehensive income/(loss) for the year	(708)	308	(708)	308
Profit/(Loss) and total comprehensive Income/(loss) attributable to:				
Owners of the Company	(1,132)	92	(1,132)	92
Non-controlling interest	424	216	424	216
	(708)	308	(708)	308
Basic/diluted Profit/(Loss)/profit per share attributable to owners of the Company (sen)	(0.35)	0.03	(0.35)	0.03

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 2018
(UNAUDITED)

	Attributable to owners of the Company				
	Share Capital RM'000	Distributable Retained Earnings RM'000	Non-distributable Share Premium RM'000	Non-controlling Interest RM'000	Total RM'000
2019					
Balance as of 1 July 2018	69,143	15,260	-	3,050	87,453
(Loss)/Profit and total comprehensive (loss)/income for the year	-	(1,132)	-	424	(708)
Balance as of 30 June 2019	69,143	14,128	-	3,474	86,745
2018					
Balance as of 1 July 2017	69,143	18,972	-	1,633	89,748
Loss and total comprehensive loss for the year	-	(3,712)	-	(53)	(3,765)
Issue of shares to non-controlling interests	-	-	-	1,470	1,470
Balance as of 30 June 2018	69,143	15,260	-	3,050	87,453

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 2018
(UNAUDITED)

	Current Year To Date 30.09.2018 RM'000	**Financial Year Ended** 30.06.2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss for the financial period	(708)	(3,765)
Adjustments for:		
Share of loss in associate	67	(3,818)
Depreciation of property, plant and equipment	200	695
Finance costs	803	1,680
Tax expense recognised in profit or loss	-	1,073
Impairment losses recognised on receivables	-	2,221
Impairment loss recognised on advances for log purchase	-	700
Amortisation of intangible assets	103	219
Interest arising from amortisation of financial assets	(268)	(1,293)
Interest income	(1)	(1)
Loss on disposal of property, plant and equipment	-	16
Property, plant and equipment written off	-	14
	196	(2,259)
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	175	698
Property development projects	3,985	(596)
Trade and other receivables	(1,590)	110
Accrued billing	-	600
Other assets	735	(556)
(Decrease)/Increase in:		
Trade and other payables	5,367	(797)
Other liabilities	(1,905)	1,113
Cash Generated From Operations	6,963	(1,687)
Interest income received	1	1
Income tax paid	(97)	(431)
Income tax refunded	7	3
Real property gain tax paid	-	(215)
Net Cash From/(Used) In Operating Activities	6,874	(2,329)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018
(UNAUDITED)
[CONTINUED]

	Current Year To Date 30.09.2018 RM'000	**Financial Year Ended** 30.06.2018 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment classified as held for sale	11,700	-
Repayment by an associate	-	1,500
Additions to land held for property development	-	(602)
Purchase of property, plant and equipment	(2,456)	(5,834)
Proceeds from disposal of property, plant and equipment	-	55
Additions of rights under log supply agreement	-	1,300
(Placement)/Uplift of fixed deposits	(2,936)	14
Net Cash (Used In)/From Investing Activities	6,308	(3,567)
CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES		
Advances received from a director	-	7,700
Proceeds from term loans	2,214	2,017
Proceeds/(Repayment) of bank overdraft – net	2,082	(781)
Proceeds/(Repayment) of bankers' acceptances and trust receipts - net	525	639
Finance costs paid	(803)	(1,680)
Repayment of term loans	(15,691)	(3,047)
Repayment of hire-purchase payables	(105)	(268)
Proceeds from issuance of shares to non-controlling interests	-	1,470
Net Cash Used In Financing Activities	(11,778)	6,050
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	1,404	154
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,802	2,648
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,206	2,802
Cash and cash equivalents comprise:		
Bank and cash balances	4,206	2,802
Fixed deposits	3,027	91
	7,233	2,893
Fixed deposits pledged for banking facilities	(3,027)	(91)
	4,206	2,802

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

NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2018. 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 2018. 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 financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 30 June 2019 under the MFRS Framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 30 June 2018 except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretation which are effective for the financial period beginning on or after 1 January 2018:

The adoption of the above MFRSs, Amendments and IC Interpretation did not result in any significant changes in the accounting policies and presentations of the financial statement of the Group other than as set out below:

MFRS 9 *Financial Instruments*

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability's that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group have done an impact assessment on the amounts reported in respect of the Group's financial assets and financial liabilities as follows:

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVTOCI"); and
- Fair Value though Profit or Loss ("FVTPL").

The standard eliminated the MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

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Based on its assessment, the financial assets held by the Group as of June 30, 2018 have been reclassified to the following classifications on 1 July 2018:

	30.06.2018 classification under FRS 139	**01.07.2018 classification under MFRS 9**
Other investments	AFS	FVTOCI
Advances for log purchases	L&R	AC
Trade and other receivables	L&R	AC
Amount owing by an associate	L&R	AC
Amount owing by subsidiaries	L&R	AC
Refundable deposits	L&R	AC
bank balances	L&R	AC

(b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in FRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a profitability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVTOCI, except for investment in equity instruments.

The application of MFRS 9's impairment requirements did not have a material impact on the amounts reported and disclosures made in this financial report.
MFRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities.

The Group have not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, FRS 111 *Construction Contracts* and the related Interpretations when they become effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Group has assessed and has determined that the application of MFRS 15 did not have a material impact on the amounts reported and disclosures made in these financial report, as the majority of the Group's revenue are derived from a single performance obligation, which is sale of property and construction contracts. The recognition of sale is assessed to be similar to those previously adopted under FRS 201_{2004} and FRS 111. It is also not expected to have a material impact to the revenue currently recognised by the Group, although MFRS 15 requires the Group to adjust the transaction price with variable considerations such as discounts and rebates as the Group currently recognises such discounts and rebates as a reduction in sales on an accrued basis.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 30 June 2018 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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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 contract works.
- Others : investment holding and provision of management and corporate services.

(a) Segment Revenue

	Current Financial Quarter			Current Financial Year To Date		
	External	**Inter-segment**	**Total**	**External**	**Inter-segment**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Precast concrete products	4,499	-	4,499	4,499	-	4,499
Properties	4,619	-	4,619	4,619	-	4,619
Others	84	(84)	-	84	(84)	-
	9,202	(84)	9,118	9,202	(84)	9,118

(b) Segment Results

	RM'000	RM'000
Precast concrete products	1,060	1,060
Properties	(862)	(862)
Others	(34)	(34)
	164	164
Share of loss in associate	(68)	(68)
Finance costs	(804)	(804)
Profit/(Loss) before tax	(708)	(708)
Tax expense	-	-
Profit/(loss) after tax	(708)	(708)

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
Property, plant and equipment	490

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15. Performance Review

Group and Segment Analysis For Continuing Operations

For the Quarter

3 months ended	30.09.2018	30.09.2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Precast concrete products	4,499	4,198	301	7
Properties	4,619	2,049	2,570	125
Others	-	-	-	-
	9,118	6,247	2,871	46
Segment results				
Precast concrete products	1,060	437	623	143
Properties	(862)	162	(1,024)	(632)
Others	(34)	74	(108)	146
Share of loss in associate	(68)	-	(68)	-
Profit/(Loss) from operations	96	673	(577)	(86)
Finance costs	(804)	(365)	(439)	(120)
Profit/(Loss) before tax	(708)	308	(1,016)	(330)
Tax expense	-	-	-	-
Profit/(Loss) after tax	(708)	308	(1,016)	(330)
Loss from discontinued operations	-	-	-	-
	(708)	308	(1,016)	(330)
Non-controlling interest	(424)	(216)	(208)	-
Profit/(Loss) attributable to owners of the Company	(1,132)	92	(1,224)	(1,330)

The Group’s continuing operation registered a revenue of RM9.12 million as compared to a revenue of RM6.25 million in the last year' corresponding quarter. The increase in revenue is mainly contributed by the higher sales from the property divisions. However, the Group’s registered a loss before tax (“LBT”) of RM0.71 million as compared to profit before tax (“PBT’) of RM0.31 million recorded in the last year' corresponding quarter. The loss is mainly due to the loss recorded in properties division and higher finance charges for early settlement of term loan.

The precast concrete division recorded a slight increase of 7% in revenue as compared to last year's corresponding quarter. However, the operating profit increased by 143% mainly due to the better profit margin achieved for the projects carried out during the quarter.

The property division recorded higher revenue as compared to last year's corresponding quarter. However, this division recorded a loss of RM0.86 million mainly due to the lower selling price and fixed expenses incurred during the quarter.

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 2019 vs Fourth Quarter 2018

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.09.2018	**30.06.2018**		
	RM'000	RM'000	RM'000	%
Revenue				
Precast concrete products	4,499	2,791	1,708	61
Properties	4,619	1,310	3,309	253
Others	-	-	-	-
	9,118	4,101	5,017	122
Segment results				
Precast concrete products	1,060	(365)	1,425	390
Properties	(862)	(2,097)	1,235	59
Others	(34)	288	(322)	(112)
Share of loss in associate	(68)	3,962	(4,030)	-
Profit/(Loss) from operations	96	1,788	(1,692)	95
Finance costs	(804)	(596)	(208)	(35)
Profit/(Loss) before tax	(708)	1,192	(1,900)	159
Tax expense	-	(1,005)	1,005	-
(Loss)/Profit after tax	(708)	187	(895)	479
Loss from discontinued operations	-	(806)	806	-
	(708)	(619)	(89)	(14)
Non-controlling interest	(424)	498	(922)	-
Profit/(Loss) attributable to owners of the Company	(1,132)	(121)	(1,011)	(836)

The Group's continuing operation registered revenue and LBT of RM9.12 million and RM0.71 million respectively as compared to a revenue of RM4.10 million and PBT of RM1.19 million in the preceding quarter. The increase in revenue is mainly contributed by the precast concrete and property divisions. The decrease in PBT in the current quarter was mainly due to the lower share of profit from associate.

The precast concrete division recorded higher revenue as compared to preceding quarter mainly contributed by the higher volume of work done during the quarter under review. Accordingly, this division registered a profit of RM1.06 million as compared to loss of RM0.37 million in the preceding quarter. The higher profit mainly due to the better profit margin achieved and lower operating costs related to expansion of new production line.

The property division recorded higher revenue as compared to last year's corresponding quarter. However, this division recorded a loss of RM0.86 million mainly due to the lower selling price and fixed expenses incurred during the quarter.

17. Commentary on Prospects

The Group sees the vast potential of the "Ultra-High Performance ductile ["UHPC"] pre-cast concrete business with the fast gaining acceptance of the UHPC regionally as well as globally. In spite of slow replenishment of order book achieved in the first quarter of 2019, the Group expects the book order to increase further in the future with the growth in demand for the UHPC products. The Group plans to allocate more resources to expand its manufacturing capacity by setting up a new production line which is estimated to be fully commissioning in the third quarter of 2019.

The overall property market performance in Ipoh, in particular commercial properties was soft due to tight financing conditions imposed by financial institutions. This situation has been continuing since the last few years and is expected to continue for the coming financial year. The Group's Property Development Division was not spared and the Group suffered with lower sales of the Group's property projects. The Group will undergo a reassessment study on the feasibility of any new property projects to be undertaken in the near future 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

	Current Financial Quarter RM'000	**Current Financial Year To Date** RM'000
Income tax		
Current financial period	-	-
Deferred taxation		
Current financial period	-	-
Provision in prior year	-	-
	-	-

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 November 2018.

23. Borrowings and Debt Securities

	30.09.2018 RM'000	30.06.2018 RM'000
Secured		
Short term borrowings	3,913	16,854
Long term borrowings	6,949	3,740
	10,862	20,594

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 2018.

25. Changes in Material Litigations

(I) Dura Technology Sdn. Bhd. ["DURA"] vs. Ramacon Corporation Sdn. Bhd. ["Defendant"]

On 27 September 2018, DURA filed a summons to the Ipoh Sessions Court to recover a sum of RM117,467.10 being the Goods and Services Tax for the supply, delivery and installation of beams, precast crosshead and precast deck slab in respect of the project "Projek Cadangan Pembinaan Jeti dan Jambatan Konkrit Baru di Balembang, Pulau Bum Bum, Semporna, Sabah" with the Defendant.

The Defendant did not attend the mention held by the Court on 17 October 2018 and accordingly, DURA had file Judgment and Certificate of Non Appearance against the Defendant. The Court had on 24 October 2018 granted Judgment against the Defendant.

DURA's solicitors had on 25 October 2018 served a signed and sealed copy of the Judgment to the Defendant. The Defendant had failed to pay the decretal sum together with interest and costs in pursuance to the Judgment to DURA on the expiry of fourteen (14) days from the date the Judgment was served to the Defendant.

In view of the non-payment of the decretal sum together with interest and costs in pursuance to the Judgment by the Defendant, DURA had instructed its solicitors to pursue with the relevant execution and/or winding up proceedings against the Defendant.

(II) 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.

(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.

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	27

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	(1,132)	(1,132)
Weighted average number of ordinary shares in issue ('000)	321,893	321,893
Basic/diluted loss per share (sen)	(0.35)	(0.35)

28. Dividends Payable

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

29. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date into realised and unrealised profits, is as follows:-

	As At 30.09.2018 RM'000	**As At 30.6.2018** RM'000
Total retained earnings of the Leweko Resources Berhad and its subsidiary companies		
Realised	(14,052)	(14,052)
Unrealised	779	779
	(13,273)	(13,273)
Total share of retained profit in associate		
Realised	969	969
Consolidated adjustments	26,432	26,432
Total Group's retained earnings as per statement of financial position	14,128	14,128

By order of the Board,

Chan Chee Kheong
Company Secretary

29 November 2018