

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	As At 31.03.2020 RM'000 (Unaudited)	As At 30.06.2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,435	16,390
Other intangible assets	1,371	1,536
Land held for property development	6,171	6,171
Amount owing by an associate	11,839	11,839
Goodwill	1,816	1,816
Trade receivables	7,820	4,160
Rights-of-use assets	476	-
Total non-current assets	45,928	41,912
Current Assets		
Property development projects	7,488	7,250
Inventories	3,598	2,980
Amount owing by an associate	8,625	8,625
Trade and other receivables	8,761	8,772
Contract assets	950	3,321
Current tax assets	5	3
Fixed deposits, cash and bank balances	4,851	5,705
Other assets	10,518	16,212
Total current assets	44,796	52,868
Total assets	90,724	94,781
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	69,143	69,143
Retained (losses)/profit	(10,296)	(9,203)
Equity attributable to owners of the Company	58,847	59,940
Non-controlling interests	6,564	4,883
Total equity	65,411	64,823
Non-Current Liabilities		
Hire-purchase payables	2,166	2,486
Borrowings	1,830	2,286
Deferred tax liabilities	2,524	2,524
Total non-current liabilities	6,520	7,296

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT 31 MARCH 2020
[CONTINUED]

	As At 31.03.2020 RM'000 (Unaudited)	As At 30.06.2019 RM'000 (Audited)
Current Liabilities		
Trade and other payables	11,300	10,338
Hire-purchase payables	790	733
Borrowings	3,548	3,934
Lease liabilities	470	-
Current tax liabilities	179	413
Other liabilities	539	989
Contract liabilities	1,967	6,254
Total current liabilities	18,793	22,661
Total liabilities	25,313	29,957
Total equity and liabilities	90,724	94,781
Net Assets per Share (RM)	0.20	0.20

*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 31 MARCH 2020
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year To Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Revenue	16,513	9,205	36,151	27,781
Investment revenue	57	11	63	293
Other gains and losses	118	1	189	(19)
Other operating income	376	524	750	683
Raw materials and consumables used	(35)	(43)	(100)	(666)
Employee benefits expenses	(818)	(1,341)	(3,372)	(3,709)
Depreciation of property, plant and equipment	(212)	(157)	(758)	(491)
Amortisation of intangible assets	(119)	(38)	(165)	(180)
Property development project recognised	-	(1,780)	-	(5,950)
Contract cost recognised	(13,708)	(5,008)	(28,569)	(14,825)
Other operating expenses	(887)	(2,687)	(3,158)	(3,738)
Impairment losses recognised on amount owing By RC/ HC	(300)	-	-	-
Share of loss in associate	-	(11,876)	-	(11,945)
Profit/(Loss) from operations	985	(13,189)	1,031	(12,766)
Finance costs	(153)	(131)	(444)	(1,085)
(Profit/(Loss) before tax	832	(13,220)	587	(13,851)
Tax income/(expense)	-	(16)	-	(16)
Profit/(Loss) and total comprehensive income/ (loss) for the year from continuing operations	832	(13,336)	587	(13,867)
Loss and total comprehensive loss for the year from discontinued operations	0	(2,503)		(2,503)
Net Profit/(loss) and total comprehensive income/(loss) for the year	832	(15,839)	587	(16,370)
Profit/(Loss) and total comprehensive Income/(loss) attributable to:				
Owners of the Company	449	(16,487)	(1,092)	(17,939)
Non-controlling interest	383	648	1,680	1,569
	832	(15,839)	588	(16,370)
Basic/diluted Profit/(Loss)/profit per share attributable to owners of the Company (sen)	0.14	(5.12)	(0.34)	(5.57)

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 31 MARCH 2020
(UNAUDITED)**

	Attributable to owners of the Company				Total RM'000
	Share Capital RM'000	Distributable Retained Earnings RM'000	Non- distributable Share Premium RM'000	Non- controlling Interest RM'000	
2020					
Balance as of 1 July 2019	69,143	(9,203)	-	4,884	64,824
(Loss)/Profit and total comprehensive (loss)/income for the year	-	(1,093)	-	1,680	587
Balance as of 30 June 2020	<u>69,143</u>	<u>(10,296)</u>	<u>-</u>	<u>6,564</u>	<u>65,411</u>
2019					
Balance as of 1 July 2018	69,143	15,084	-	3,050	87,277
Loss and total comprehensive loss for the year	-	(24,287)	-	1,834	(22,453)
Balance as of 30 June 2019	<u>69,143</u>	<u>(9,203)</u>	<u>-</u>	<u>4,884</u>	<u>64,824</u>

The accompanying Notes to Interim Financial Report form an integral part of the Condensed Consolidated Statement of Changes in Equity

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FINANCIAL QUARTER ENDED 31 MARCH 2020
(UNAUDITED)

	Current Year To Date 31.03.2020 RM'000	Financial Year Ended 30.06.2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the financial period	588	(22,453)
Adjustments for:		
Share of loss in associate	-	11,945
Reassessment of amount owing by associate company	-	-
Cost of land held for property development disposed	-	3,384
Impairment loss in project development costs	-	-
Impairment loss on goodwill	-	-
Depreciation of property, plant and equipment	957	919
Finance costs	444	795
Inventories written off	-	503
Tax expense recognised in profit or loss	-	3,687
Impairment losses recognised on receivables	-	3,139
Amortisation of intangible assets	165	219
Bad debts written off	-	28
Tax penalties	-	9
Impairment loss on recognised on advances for log purchases	-	2,000
Impairment loss recognised on goodwill	-	859
Fair value adjustments on reassessment of financial assets	-	1,822
Land held for property development written off	-	934
Interest arising from amortisation of financial assets	-	(767)
Reversal of impairment losses recognised on receivables	-	(117)
Interest income	(54)	(97)
Loss on disposal of property, plant and equipment	(203)	-
	<u>1,896</u>	<u>6,810</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(618)	2,073
Property development projects	(238)	661
Trade and other receivables	(3,649)	(2,414)
Contract assets	2,371	2,066
Accrued billing	-	3,691
Other assets	4,529	(521)
(Decrease)/Increase in:		
Trade and other payables	5,997	(1,615)
Other liabilities	21	(2,664)
Contract liabilities	(4,287)	-
Amount owing to a director	-	-
Cash Generated From/(Used in) Operations	<u>6,023</u>	<u>8,088</u>
Interest income received	-	3
Income tax paid	(236)	(287)
Income tax refunded	-	13
Tax penalties paid	-	(9)
Net Cash From/(Used In) Operating Activities	<u>5,788</u>	<u>7,808</u>

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FINANCIAL QUARTER ENDED 31 MARCH 2020
(UNAUDITED)
[CONTINUED]

	Current Year To Date 31.03.2020 RM'000	Financial Year Ended 30.06.2019 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment classified as held for sale	203	13,000
Repayment by an associate		
Additions to land held for property development	-	(681)
Purchase of property, plant and equipment	109	(372)
Proceeds from disposal of property, plant and equipment		
Additions of rights under log supply agreement		
(Placement)/Uplift of fixed deposits	(671)	(3,403)
Interest income from fixed deposits	54	63
Interest on short-term deposits received	-	31
Net Cash From/(Used In) Investing Activities	<u>1,036</u>	<u>8,639</u>
CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES		
(Repayment)/Advances received from a director	(5,036)	-
Proceeds from term loans	234	234
Proceeds/(Repayment) of bank overdraft – net	(1,146)	1,143
Proceeds/(Repayment) of bankers' acceptances and trust receipts – net	708	(261)
Finance costs paid	(444)	(795)
Repayment of term loans	(638)	(14,086)
(Repayment to)/ Advances received from a director	-	(2,664)
Repayment of hire-purchase payables	(687)	(607)
Proceeds from issuance of shares to non-controlling interests		
Net Cash (Used In)/From Financing Activities	<u>(7,008)</u>	<u>(17,036)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(184)	(590)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,212	2,802
	<u>(1,028)</u>	<u>2,212</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,128	2,212
Cash and cash equivalents comprise:		
Bank and cash balances	1,028	1,212
Fixed deposits	3,823	4,493
	<u>4,851</u>	<u>5,705</u>
Fixed deposits pledged for banking facilities	(1,723)	(3,493)
	<u>3,128</u>	<u>2,212</u>

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

LEWEKO RESOURCES BERHAD

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NOTES TO INTERIM FINANCIAL REPORT FINANCIAL QUARTER ENDED 31 MARCH 2020

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 2019. 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 2019. 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 2019 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

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2020**

(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 through 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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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2020**

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

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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 201₂₀₀₄ 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 2019 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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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2020**

9. Segmental Information

The Group is organised into the following operating divisions:

- Precast concrete products : manufacturing, construction and installation of precast concrete products.
- Properties and construction : 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 RM'000	Inter-segment RM'000	Total RM'000	External RM'000	Inter-segment RM'000	Total RM'000
Precast concrete products	4,619		4,619	18,196		18,196
Properties and construction	11,894		11,894	17,955		17,955
Others						
	<u>16,513</u>		<u>16,513</u>	<u>36,151</u>		<u>36,151</u>

(b) Segment Results

	RM'000	RM'000
Precast concrete products	972	3,323
Properties and construction	649	(298)
Others	<u>(635)</u>	<u>(1,993)</u>
	986	1,032
Share of loss in associate	-	-
Finance costs	<u>(153)</u>	<u>(444)</u>
Profit/(Loss) before tax	833	588
Tax expense		
Profit/(loss) after tax	<u>833</u>	<u>588</u>

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2020**

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	-

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LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2020****15. Performance Review****Group and Segment Analysis For Continuing Operations****For the Quarter**

3 months ended	31.03.2020	31.03.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Precast concrete products	4,619	5,671	(1,052)	(19)
Properties and constructions	11,894	3,534	8,360	237
Others	-	-	-	-
	<u>16,513</u>	<u>9,205</u>	<u>7,308</u>	<u>79</u>
Segment results				
Precast concrete products	972	1,470	(499)	(34)
Properties and constructions	649	(2,391)	3,040	(127)
Others	(635)	(392)	(243)	(62)
Share of loss in associate	-	(11,876)	11,876	-
Profit/(Loss) from operations	<u>985</u>	<u>(13,189)</u>	<u>14,174</u>	<u>(107)</u>
Finance costs	<u>(153)</u>	<u>(131)</u>	<u>(22)</u>	<u>(17)</u>
Profit/(Loss) before tax	<u>832</u>	<u>(13,320)</u>	<u>14,152</u>	<u>(106)</u>
Tax expense		<u>(16)</u>	<u>16</u>	<u>-</u>
Profit/(Loss) after tax	<u>832</u>	<u>(13,336)</u>	<u>14,168</u>	<u>(106)</u>
Loss from discontinued operations	<u>-</u>	<u>(2,503)</u>	<u>2,503</u>	<u>-</u>
	<u>832</u>	<u>(15,839)</u>	<u>16,671</u>	<u>(105)</u>
Non-controlling interest	<u>383</u>	<u>(648)</u>	<u>1,031</u>	<u>-</u>
Profit/(Loss) attributable to owners of the Company	<u>449</u>	<u>(16,487)</u>	<u>16,936</u>	<u>(103)</u>

The Group's continuing operation registered a total revenue of RM16.51 million as compared to a revenue of RM9.2 million in the last year's corresponding quarter. The property and construction division recorded a higher revenue of RM11.89 million as compared to RM3.53 million recorded in the preceding year's corresponding quarter mainly due to work done for the construction of residential projects in Klang Valley awarded by a related company and further work completed for Project 4 at Jambatan Uzur. The decrease in revenue in the sector of precast concrete products from RM5.67 million in last year's corresponding quarter to RM4.61 million this quarter is due to most of their projects already completed in last quarter.

The Group recorded a profit before tax (PBT) of RM0.98million compared to loss before tax (LBT) of RM13.18 million in the last year corresponding quarter. There is nil share of loss in associate in this year.

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 31 MARCH 2020**

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

Third Quarter 2020 vs Second Quarter 2020

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.03.2020 RM'000	31.12.2019 RM'000	RM'000	%
Revenue				
Precast concrete products	4,619	7,083	(2,464)	(35)
Properties and constructions	11,894	1,834	10,060	549
Others	-	-	-	-
	<u>16,513</u>	<u>8,917</u>	<u>7,596</u>	<u>85</u>
Segment results				
Precast concrete products	972	1,252	(281)	22
Properties and constructions	649	(965)	1,614	167
Others	(635)	(798)	163	(20)
Share of loss in associate	-	-	-	-
	<u>985</u>	<u>(511)</u>	<u>1,496</u>	<u>293</u>
Profit/(Loss) from operations	985	(511)	1,496	293
Finance costs	(153)	(164)	11	7
	<u>832</u>	<u>(675)</u>	<u>1,507</u>	<u>223</u>
Profit/(Loss) before tax	832	(675)	1,507	223
Tax expense	-	-	-	-
	<u>832</u>	<u>(675)</u>	<u>1,507</u>	<u>223</u>
(Loss)/Profit after tax	832	(675)	1,507	223
Loss from discontinued operations	-	-	-	-
	<u>832</u>	<u>(675)</u>	<u>1,507</u>	<u>223</u>
Non-controlling interest	383	726	(343)	-
	<u>449</u>	<u>(1,400)</u>	<u>1,849</u>	<u>132</u>
Profit/(Loss) attributable to owners of the Company	449	(1,400)	1,849	132

The Group's continuing operation registered a revenue of RM16.51million as compared to a revenue of RM8.91 million in the preceding quarter. The Group recorded a profit before tax "PBT" of RM0.83 million as compared to loss before tax "LBT" RM0.67 million in the preceding quarter. The increase in revenue and PBT are due to higher volume of work done during the quarter in review in the properties and construction division.

The precast concrete division recorded a lower revenue of RM4.61 million as compared to RM7.08 million recorded in the preceding quarter due to most of their project was completed in the preceding quarter.

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17. Commentary on Prospects

The Group precast concrete products are mainly use in construction and property projects. The uncertainties in the construction industry has resulted slow replenishment of order book recorded in 2019. Nevertheless, the new production line which has commissioned in the third quarter of 2019 will enable the Group to tender for larger scale projects.

The overall property market performance in Ipoh, in particular commercial properties was soft due to tight financing conditions imposed by financial institutions. Notwithstanding the losses incurred in the property and construction division, the Group is optimistic that the new management have sufficient capabilities and expertise to continue growing the existing construction and property business of the Group by tendering and securing new projects in order to strengthen the profitability and financial position of the Group.

The Board is fairly confident that the performance of the Group in the coming financial year will be satisfactory despite the challenging in the property market.

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	-	-
Over provision in prior year		
	<hr/>	<hr/>
Deferred taxation		
Current financial period	-	-
Provision in prior year		
	<hr/>	<hr/>
	<hr/>	<hr/>

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.

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22. Status of Corporate Proposals

There were no corporate proposals announced.

23. Borrowings and Debt Securities

	31.03.2020	30.06.2019
	RM'000	RM'000
Secured		
Short term borrowings	4,338	4,751
Long term borrowings	3,996	4,979
	<u>8,334</u>	<u>9,730</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 16 June 2020.

25. Changes in Material Litigations

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.

DURA's solicitors has extracted the winding-up order dated 4 November 2019 against the Defendant on 29 November 2019 from the Court. Accordingly, DURA had completed and lodged its proof of debt against the Defendant with the Official Receiver on 21 January 2020. The Official Receiver had then issued a certificate of claim by DURA on 29 January 2020.

In respect of the bankruptcy proceedings against Megat Ahmad Shahrani bin Megat Sharuddin ["Judgment Debtor"], the Judgment Debtor had through their lawyers filed an Affidavit in Reply ["Judgment Debtor's Affidavit"] to Dura's Application for Leave of Court ["Leave Application"] to proceed with the bankruptcy proceedings against the Judgment Debtor.

Dura has filed its Affidavit In Reply to the Judgment Debtor's Affidavit with the Court and the case management for the said Leave Application has been fixed for 3 July 2020.

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	-	36
Contract awarded by S&F Construction Sdn Bhd, a company in which certain directors of the Company have interests	9,575	9,575

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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	449	(1,092)
Weighted average number of ordinary shares in issue ('000)	321,893	321,893
Basic/diluted loss per share (sen)	0.14	(0.34)

28. Dividends Payable

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

By order of the Board,

Chong Lay Kim
Yeng Shi Mei

Company Secretaries

24 June 2020