

LEWEKO RESOURCES BERHAD

Company No. 568420-K
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	As At 30.06.2020 RM'000 (Unaudited)	As At 30.06.2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	195	16,390
Other intangible assets	-	1,536
Land held for property development	22,531	6,171
Amount owing by an associate	-	11,839
Goodwill	1,816	1,816
Trade receivables	-	4,160
Rights-of-use assets	255	-
Total non-current assets	24,797	41,912
Current Assets		
Property development projects	1,026	7,250
Inventories	14,228	2,980
Amount owing by an associate	-	8,625
Trade and other receivables	3,153	8,772
Contract assets	1,354	3,321
Current tax assets	29	3
Asset held for sale	27,355	
Fixed deposits, cash and bank balances	850	5,705
Other assets	10,101	16,212
Total current assets	58,096	52,868
Total assets	82,894	94,781
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	78,143	69,143
Retained (losses)/profit	(26,174)	(9,203)
Equity attributable to owners of the Company	51,969	59,940
Non-controlling interests	(9,480)	4,883
Total equity	42,488	64,823
Non-Current Liabilities		
Hire-purchase payables	33	2,486
Borrowings	-	2,286
Lease liabilities	151	-
Deferred tax liabilities	1,805	2,524
Total non-current liabilities	1,989	7,296

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT 30 JUNE 2020
[CONTINUED]

	As At 30.06.2020 RM'000 (Unaudited)	As At 30.06.2019 RM'000 (Audited)
Current Liabilities		
Trade and other payables	16,191	10,338
Hire-purchase payables	10	733
Borrowings	272	3,934
Amount owing to related parties	2,096	-
Lease liabilities	108	-
Liability held for sale	18,887	-
Current tax liabilities	-	413
Other liabilities	648	989
Contract liabilities	204	6,254
Total current liabilities	38,416	22,661
Total liabilities	40,405	29,957
Total equity and liabilities	82,894	94,781
Net Assets per Share (RM)	0.12	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 30 JUNE 2020
(UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year To Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Revenue	10,432	11,037	46,583	38,818
Investment revenue	1,379	568	1,442	861
Other gains and losses	(21)	(2,690)	168	(2,709)
Other operating income	(236)	126	514	809
Cost of land held for property development disposed	-	-	-	(3,384)
Cost of completed properties sold	-	-	-	(1,631)
Raw materials and consumables used	(24)	(54)	(124)	(720)
Employee benefits expenses	(615)	(1,347)	(3,987)	(5,056)
Depreciation of property, plant and equipment	(421)	(265)	(1,179)	(756)
Amortisation of intangible assets	(54)	(39)	(219)	(219)
Property development project recognised	(245)	5,257	(245)	(693)
Land held for property development written off	-	-	-	(934)
Contract cost recognised	(8,646)	(6,066)	(37,215)	(20,891)
Other operating expenses	(1,476)	(3,279)	(4,634)	(7,017)
Acquisition of subsidiary	(13,990)	-	(13,990)	(11,945)
Impairment loss on asset held for sale	(3,966)	-	(3,966)	-
Profit/(Loss) from operations	(17,883)	(2,701)	(16,852)	(15,467)
Finance costs	(12)	290	(456)	(795)
(Profit/(Loss) before tax	(17,895)	(2,411)	(17,308)	(16,262)
Tax income/(expense)	(585)	(3,671)	(585)	(3,687)
Profit/(Loss) and total comprehensive income/(loss) for the year from continuing operations	(18,480)	(6,082)	(17,893)	(19,949)
Loss and total comprehensive loss for the year from discontinued operations	-	-	-	(2,503)
Net Profit/(loss) and total comprehensive income/(loss) for the year	(18,480)	(6,082)	(17,893)	(22,453)
Owners of the Company	(15,878)	(6,347)	(16,969)	(24,287)
Non-controlling interest	(2,602)	265	(923)	1,834
	(18,480)	(6,082)	(17,893)	(22,453)
Basic/diluted Profit/(Loss)/profit per share attributable to owners of the Company (sen)	(4.33)	(1.97)	(4.63)	(7.55)

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 2020
(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		
2020					
Balance as of 1 July 2019	78,143	(9,203)	-	4,884	73,824
(Loss)/Profit and total comprehensive (loss)/income for the year	-	(16,971)	-	(923)	(17,893)
Non-controlling interest arising from acquisition of subsidiary				(13,441)	(13,441)
Balance as of 30 June 2020	78,143	(26,174)	-	(9,480)	42,490
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	69,143	(9,203)	-	4,884	64,824

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 JUNE 2020
(UNAUDITED)

	Current Year To Date 30.06.2020 RM'000	Financial Year Ended 30.06.2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the financial period	(17,893)	(22,453)
Adjustments for:		
Share of loss in associate	-	11,945
Reassessment of amount owing by associate company	1,225	-
Depreciation of property, plant and equipment, ROU	1,406	919
Finance costs	456	795
Inventories written off	-	503
Tax expense recognised in profit or loss	585	3,687
Impairment losses recognised on receivables	753	3,139
Amortisation of intangible assets	219	219
Bad debts written off	66	28
Tax penalties	66	9
Impairment loss on recognised on advances for log purchases	-	2,000
Impairment loss on group held for disposal	3,966	-
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	(15)	(117)
Interest income	15	(97)
Loss on disposal of property, plant and equipment	(200)	-
	(9,351)	6,810
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(231)	2,073
Property development projects	(41)	661
Trade and other receivables	(5,673)	(2,414)
Contract assets	(1,498)	2,066
Accrued billing	-	3,691
Other assets	4,846	(521)
(Decrease)/Increase in:		
Trade and other payables	2,820	(1,615)
Other liabilities	(292)	(2,664)
Contract liabilities	(2,059)	-
Amount owing to holding company	1,475	-
Amount owing to a director	627	-
Cash Generated From/(Used in) Operations	(9,376)	8,088
Interest income received	-	3
Income tax paid	(402)	(287)
Income tax refunded	-	13
Tax penalties paid	-	(9)
Net Cash From/(Used In) Operating Activities	(9,778)	7,808

LEWEKO RESOURCES BERHADCompany No. 568420-K
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
FINANCIAL QUARTER ENDED 30 JUNE 2020
(UNAUDITED)
[CONTINUED]

	Current Year To Date 30.06.2020 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		13,000
Acquisition of subsidiary, net of cash acquired	14,429	-
Additions to land held for property development	-	(681)
Purchase of property, plant and equipment	(1,002)	(372)
Proceeds from disposal of property, plant and equipment	238	
(Placement)/Uplift of fixed deposits	(413)	(3,403)
Interest income from fixed deposits	(15)	63
Interest on short-term deposits received	-	31
Net Cash From/(Used In) Investing Activities	<u>13,237</u>	<u>8,639</u>
CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares	9,000	-
Proceeds from term loans	234	234
Proceeds/(Repayment) of bank overdraft – net	1,055	1,143
Proceeds/(Repayment) of bankers' acceptances and trust receipts – net	(257)	(261)
Finance costs paid	(448)	(795)
Repayment of term loans	(646)	(14,086)
(Repayment to)/ Advances received from a director	(14,036)	(2,664)
Repayment of short-term revolving credit	259	-
Repayment of hire-purchase	18	-
Net Cash (Used In)/From Financing Activities	<u>(4,821)</u>	<u>(17,036)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,362)	(590)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,212	2,802
	<u>850</u>	<u>2,212</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>850</u>	<u>2,212</u>
Cash and cash equivalents comprise:		
Bank and cash balances	436	1,212
Fixed deposits	414	4,493
	<u>850</u>	<u>5,705</u>
Fixed deposits pledged for banking facilities	-	(3,493)
	<u>850</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

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

Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRS

MFRS 16 Leases

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23 Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except for those as discussed below.

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit.

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2020**

**Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)
(continued)**

MFRS 16 Leases (continued)

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group has applied MFRS 16 using the modified retrospective approach and the adoption of the MFRS 16 does not have any impact to the opening balance of retained earnings at the date of initial application (i.e. 1 July 2019). The comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 July 2019. Existing lease contracts that are still effective on 1 July 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2020**

**Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)
(continued)**

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16 (continued)

(i) Classification and measurement (continued)

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at either:

- (a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group’s and Company’s incremental borrowing rate at the date of initial application. The Group and the Company applied this approach to its largest property leases: or
- (b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group and the Company applied this approach to all other leases.

The Group also applied the following practical expedients wherein they:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics;
- (b) adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- (c) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- (d) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (e) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under MFRS 117

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 under MFRS 117 immediately before transition as the carrying amount of right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and IT equipment that have a lease term of 12 months or less and leases of

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2020**

Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int’”) (continued)

low value assets based on the value of the underlying asset when new, such as IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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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Company No. 568420-K
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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 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	Inter-segment	Total	External	Inter-segment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Precast concrete products	2,663		2,663	20,859		20,859
Properties and construction	7,770		7,770	25,725		25,725
Others						
	<u>10,433</u>		<u>10,433</u>	<u>46,584</u>		<u>46,584</u>

(b) Segment Results

	RM'000	RM'000
Precast concrete products	(631)	2,692
Properties and construction	340	42
Others	<u>(17,594)</u>	<u>(19,587)</u>
	<u>(17,885)</u>	<u>(16,853)</u>
Share of loss in associate	-	-
Finance costs	<u>(12)</u>	<u>(456)</u>
Profit/(Loss) before tax	(17,897)	(17,309)
Tax expense	<u>(585)</u>	<u>(585)</u>
Profit/(loss) after tax	<u>(18,482)</u>	<u>(17,894)</u>

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 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 30 JUNE 2020****15. Performance Review****Group and Segment Analysis For Continuing Operations****For the Quarter**

3 months ended	30.06.2020	30.06.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Precast concrete products	2,663	6,644	(3,981)	(60)
Properties and construction	7,770	4,392	3,378	77
		-	-	-
	<u>10,433</u>	<u>11,036</u>	<u>(603)</u>	<u>(5)</u>
Segment results				
Precast concrete products	(631)	836	(1,467)	(175)
Properties and construction	340	(2,485)	2,825	(114)
Others	(17,594)	(1,052)	(16,542)	(1,572)
			-	-
Profit/(Loss) from operations	<u>(17,885)</u>	<u>(2,701)</u>	<u>(15,184)</u>	<u>562</u>
Finance costs	(12)	290	(302)	104
Profit/(Loss) before tax	<u>(17,897)</u>	<u>(2,411)</u>	<u>(15,486)</u>	<u>642</u>
Tax expense	(585)	(3,671)	3,086	-
Profit/(Loss) after tax	<u>(18,482)</u>	<u>(6,082)</u>	<u>(12,400)</u>	<u>204</u>
Loss from discontinued operations	-		-	-
	<u>(18,482)</u>	<u>(6,082)</u>	<u>(12,400)</u>	<u>204</u>
Non-controlling interest		265	(265)	-
Profit/(Loss) attributable to owners of the Company	<u>(18,482)</u>	<u>(5,817)</u>	<u>(12,665)</u>	<u>218</u>

The group continuing operation registered a total revenue of RM10.43million compared to a revenue of RM11.04 million in last year corresponding quarter. The decrease in revenue is due to the movement control order (MCO) which we saw a loss of revenue of 1.5months for precast concrete segment and 2.5months for properties and construction segment. The losses of RM17.59 million at others segment is due to the impairment loss that arises from the acquisition of a subsidiary and the disposal of Dura group.

The precast concrete division recorded a lower revenue as compared to last year's corresponding quarter. Most of the projects were slow down during the MCO period. In addition, the operating loss increased by RM1.46 million due to provision for doubtful debts of RM0.75 million for one of the project which was completed but payment was defaulted by client.

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

Fourth Quarter 2020 vs Third Quarter 2020

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2020 RM'000	31.03.2020 RM'000	RM'000	%
Revenue				
Precast concrete products	2,663	4,619	(1,956)	(42)
Properties and construction	7,770	11,894	(4,124)	(35)
Others	-	-	-	-
	<u>10,433</u>	<u>16,513</u>	<u>(6,080)</u>	<u>(37)</u>
Segment results				
Precast concrete products	(631)	972	(1,603)	165
Properties and construction	340	649	(309)	48
Others	(17,594)	(635)	(16,959)	2,671
			-	-
Profit/(Loss) from operations	(17,885)	985	(18,870)	1,916
Finance costs	(12)	(153)	141	92
Profit/(Loss) before tax	<u>(17,897)</u>	<u>832</u>	<u>(18,729)</u>	<u>2,251</u>
Tax expense	(585)	-	(585)	-
(Loss)/Profit after tax	<u>(18,482)</u>	<u>832</u>	<u>(19,314)</u>	<u>2,321</u>
Loss from discontinued operations	-	-	-	-
	<u>(18,482)</u>	<u>832</u>	<u>(19,314)</u>	<u>2,321</u>
Non-controlling interest		383	(383)	-
Profit/(Loss) attributable to owners of the Company	<u>(18,482)</u>	<u>449</u>	<u>(18,931)</u>	<u>4,216</u>

The Group's continuing operation registered a revenue of RM10.43 million as compared to a revenue of RM16.51 million in the preceding quarter. Both precast concrete and properties and construction segment recorded lower revenue as compared to preceding quarter. The decrease in the revenue is mainly due to most of the projects were slow down in this quarter due to MCO. The precast segment incurred a loss of RM0.63 million as compared to profit RM0.97 million in the preceding quarter mainly due to provision of doubtful debts for one of the project which was completed but payment was defaulted by client. The losses of RM17.59 million at others segment is due to the impairment loss that arises from the acquisition of a subsidiary and the disposal of Dura group.

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**NOTES TO INTERIM FINANCIAL REPORT
FINANCIAL QUARTER ENDED 30 JUNE 2020**

17. Commentary on Prospects

Since receiving the approval from shareholders to diversify into construction and carry out recurrent related party transactions, the Group's was awarded construction contracts.

The overall property market performance has been affected by the Covid-19 pandemic. Nevertheless, the Group is still cautiously optimistic to emerge stronger from this crisis while at the same time taking the necessary steps of being prudent. The Management continues to actively participate in construction projects tender with existing and new clients whilst at the same time considering strategic business proposals with the view to adapt the business with the new normal.

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	(585)	(585)
Over provision in prior year		
Deferred taxation		
Current financial period	-	-
Provision in prior year		
	<u>(585)</u>	<u>(585)</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.

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22. Status of Corporate Proposals

There were no corporate proposals announced.

23. Borrowings and Debt Securities

	30.06.2020	30.06.2019
	RM'000	RM'000
Secured		
Short term borrowings	2,973	4,751
Long term borrowings	4,123	4,979
	<u>7,097</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 18 August 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 have 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 Court had, during the case management held on 3 July 2020, fixed 7 August 2020 for hearing of the decision on Dura’s Application for Leave of Court to Proceed with Bankruptcy Proceedings against the Judgment debtor.

However, the decision has been deferred upon the Application for Deferment for Filing Further Affidavit [“Deferment Application”] by the Judgment Debtor’s solicitors. The Judgment Debtor’s solicitors had on 17 August 2020 filed a Supporting Affidavit with the Court and the Court had fixed 21 September 2020 for the hearing on the Judgment Debtor’s Deferment Application.

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	3,224	12,799

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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	(15,878)	(16,969)
Weighted average number of ordinary shares in issue ('000)	366,893	366,893
Basic/diluted loss per share (sen)	(4.33)	(4.63)

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

26 August 2020