

Unless otherwise stated, all terms and abbreviations used herein have the same meanings as those defined in the “Definitions” section of this Abridged Prospectus (“AP”).

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in LFE Corporation Berhad (“LFE” or the “Company”), you should at once hand this AP together with the notice of provisional allotment (“NPA”) and the rights subscription form (“RSF”) (collectively, the “Documents”) to the agent or broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein) should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd (Company No. 378993-D) Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301, Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to our shareholders (“Entitled Shareholders”) whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia no later than 5.00 p.m. on Friday, 13 November 2015. The Documents are not intended to be and will not be issued, circulated or distributed, and the Rights Issue is not intended to be and will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. No action has been or will be taken under the requirements of the laws or regulations or of the legal or regulatory authorities of any jurisdiction other than Malaysia for filing and/or registration of the AP. The Rights Issue to which this AP relates to is only available to persons receiving this AP and the RSF electronically or otherwise within Malaysia. The Documents does not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdictions other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, the Documents have not been and will not be despatched to shareholders with a registered addresses outside Malaysia unless they have provided an address in Malaysia for the service of this Documents by the Entitlement Date as set out below. However, nothing shall preclude Foreign Addressed Shareholders from collecting the Documents, in person, at the office of our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Shares (as defined herein), application for Excess Rights Shares (as defined herein), or the subscription, offer, sale, resale, pledge, or other transfer of the Rights Shares would result in the contravention of any laws of such countries or jurisdictions. Neither the Company nor MIDF Amanah Investment Bank Berhad (“MIDF Investment”) nor any other advisers to the Rights Issue shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation of (as the case may be) made by Entitled Shareholder(s) and/or their renouncee(s) (if applicable) of LFE whose names appear in the Record of Depositors of LFE on the Entitlement Date is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction in which the Entitled Shareholders and/or their renouncee(s)/ (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia (“SC”). The registration of the AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Documents. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

Approval for this Rights Issue has been obtained from our shareholders at the Extraordinary General Meeting held on 10 September 2015. Approval has been obtained from Bursa Malaysia Securities Berhad (“Bursa Securities”) via its letter dated 7 May 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The admission of the Rights Shares to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed herein.

Our Board has seen and approved all the documentation relating to the Rights Issue in the Documents. They individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

MIDF Investment, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE “RISK FACTORS” AS SET OUT IN SECTION 6 HEREIN.



LFE CORPORATION BERHAD

(Company No. 579343-A)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 42,450,001 NEW ORDINARY SHARES OF RM0.30 EACH IN LFE CORPORATION BERHAD (“LFE SHARES”) (“RIGHTS SHARE(S)”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.30 EACH IN LFE HELD AS AT 5.00 P.M. ON 28 OCTOBER 2015 AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE (“RIGHTS ISSUE”)

Principal Adviser

midf
INVESTMENT

MIDF AMANAH INVESTMENT BANK BERHAD (23879-A)

IMPORTANT RELEVANT DATES AND TIME

Entitlement Date	: Wednesday, 28 October 2015 at 5.00 p.m.
Last date and time for:	
Sale of provisional allotment of rights	: Wednesday, 4 November 2015 at 5.00 p.m.
Transfer of provisional allotment of rights	: Monday, 9 November 2015 at 5.00 p.m.
Acceptance and payment	: Friday, 13 November 2015 at 5.00 p.m.*
Excess application and payment	: Friday, 13 November 2015 at 5.00 p.m.*

**or such later date and time as our Board may decide and announce not less than two (2) market days before the stipulated date and time*

This Abridged Prospectus is dated 28 October 2015

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

SHAREHOLDERS/INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP, the NPA and the RSF.

“Abu Dhabi Projects”	:	Zone C Towers, Zone E1 Mall and Zone E2 Hotel and Apartment, collectively
“Act”	:	Companies Act, 1965
“AED”	:	Emirati Dirham
“Affected Listed Issuer”	:	Affected Listed Issuer pursuant to PN17 and Paragraph 8.04 of the Listing Requirements
“Amendments to the M&A”	:	Amendments to the M&A of LFE
“Articles”	:	The Articles of Association of the Company including any amendment(s) thereto that may be made from time to time
“AP”	:	This Abridged Prospectus dated 28 October 2015
“Bilateral Lenders”	:	OCBC Bank (M) Berhad (295400-W), Malayan Banking Berhad (3813-K), Hong Leong Bank Berhad (97141-X) and Hong Leong Islamic Bank Berhad (686191-W)
“Board”	:	Board of Directors of LFE
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Capital Injection Date”	:	The date of issuance of new LFE Shares pursuant to the Fund Raising
“Capital Reduction”	:	Capital reduction of the issued and paid-up share capital of LFE pursuant to Section 64(1) of the Act, involving the cancellation of RM0.70 of the par value of every existing ordinary share of RM1.00 each in LFE which was completed on 5 October 2015
“CDS”	:	Central Depository System
“Court”	:	High Court of Malaya
“CDS Account(s)”	:	Account established by Bursa Depository for a depositor to record transactions of securities and dealings in such securities by the depositor
“Closing Date”	:	13 November 2015 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares in accordance with this AP and the RSF or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time
“CMSA”	:	Capital Markets and Services Act, 2007
“Daisy Bliss”	:	Daisy Bliss Sdn Bhd (1048463-M)

DEFINITIONS (*Cont'd*)

“Debt Settlement”	:	The debt settlement which comprises the following:
		(i) issuance of approximately 11,197,117 LFE Shares at an issue price of RM0.30 per LFE Share to the Bilateral Lenders with interest at the rate of BLR+1% on RM3,359,135 (being 35% of the outstanding unsecured amounts to the Bilateral Lenders) from 1 June 2014 until issuance of the 11,197,117 LFE Shares;
		(ii) the settlement of balance sum (<i>after taking into account of item (i) above and after realisation of security, if any</i>) to the Bilateral Lenders by way of 48 monthly instalments commencing from 31 May 2013 together with interest at the rate of BLR+1% on the outstanding balance sum; and
		(iii) full and final settlement of RM9,975,816 owing to one of the Scheme Creditors namely Kerisma and received by LFE from the Fund Raising.
“Director(s)”	:	A director of our Group, whether in an executive or non-executive capacity
“DRA”	:	Debt Restructuring Agreement dated 28 February 2013 as supplemented by the Supplemental DRA dated 17 June 2014 entered into between the Obligor and the Scheme Creditors
“Documents”	:	This AP together with the NPA and RSF
“EGM”	:	Extraordinary General Meeting
“Entitled Shareholder(s)”	:	Shareholder(s) of LFE whose name(s) appear in the Record of Depositors of LFE on the Entitlement Date
“Entitlement Date”	:	5.00 p.m. on 28 October 2015, being the date and time on which shareholders must be registered in the Record of Depositors of LFE in order to be entitled to participate in the Rights Issue
“EPS”	:	Earnings per share
“Excess Rights Share(s)”	:	Rights Share(s) which are not taken up or not validly taken up by the Entitled Shareholder(s) and/or their renounee(s)/ (if applicable) prior to the Excess Rights Shares Application
“Excess Rights Share(s) Application”	:	Application(s) for Excess Rights Share(s) in excess of an Entitled Shareholder’s entitlement under the Rights Issue as set out in Section 3.8 of this AP
“Foreign Shareholder(s)”	Addressed	:
		Foreign shareholders of LFE on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Rights Issue
“FPE”	:	Financial period ended/ending as the case may be
“Fund Raising”	:	Private Placement and Rights Issue
“FYE”	:	Financial year ended/ending as the case may be

DEFINITIONS (Cont'd)

“Government”	:	Government of Malaysia
“GP”	:	Gross profit
“Issue Price”	:	RM0.30 for each Rights Share subscribed
“ISZL Consortium”	:	A consortium consisting of IJM Constructions Sdn Bhd, Sunway Builders Sdn Bhd, Zelan Holdings Sdn Bhd and LFE Engineering Sdn Bhd
“IJM Construction”	:	IJM Construction Sdn Bhd (195650-H)
“IJM-LFE”	:	The joint venture between IJM Construction and LFE Engineering, collectively
“Kerisma”	:	Kerisma Berhad (632877-V)
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LFE” or the “Company”	:	LFE Corporation Berhad (579343-A)
“LFE Engineering”	:	LFE Engineering Sdn Bhd (25875-K)
“LFE Group”	:	LFE and its subsidiaries, collectively
“LFE Share(s)”	:	Ordinary shares of RM0.30 each in LFE after the Capital Reduction
“LPD”	:	7 October 2015, being the latest practicable date prior to the issuance of this AP
“Market Day(s)”	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
“Maximum Scenario”	:	Assuming all the Entitled Shareholders subscribe in full for their entitlements under the Rights Issue
“MEP”	:	Mechanical, electrical engineering and plumbing
“M&A”	:	Memorandum & Articles of Association
“M&E”	:	Mechanical and engineering
“MIDF Investment” or “Principal Adviser”	:	MIDF Amanah Investment Bank Berhad (23878-X)
“Minimum Subscription Level”	:	Minimum level of subscription for the Rights Issue based on the assumption that only Undertaking Shareholders subscribe for the Rights Shares
“NA”	:	Net assets
“NPA”	:	Notice of Provisional Allotment pursuant to the Rights Issue

DEFINITIONS (Cont'd)

“Obligors”	:	LFE and LFE Engineering Sdn Bhd, the wholly-owned subsidiary of LFE
“Official List”	:	A list specifying all securities listed on the Main Market of Bursa Securities
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Placement Share(s)”	:	66,666,667 new LFE Shares issued pursuant to the Private Placement
“PN17”	:	Practice Note 17 of Bursa Securities Listing Requirements
“Private Placement”	:	Private placement of 66,666,667 Placement Shares to Shapadu Capital Sdn Bhd (913522-H) and Daisy Bliss Sdn Bhd (1048463-M) at an issue price of RM0.30 per Placement Share
“Record of Depositors”	:	A record of securities holders provided by Bursa Depository under the Rules
“Regularisation Plan”	:	Capital Reduction, Share Premium Reduction, Rights Issue, Private Placement, Debt Settlement and Amendments to the M&A, collectively
“Reporting Accountants”	:	Messrs Morison Anuarul Chew (Firm No. AF 001977)
“Rights Issue”	:	Renounceable rights issue of up to 42,450,001 Rights Shares on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.30 each in LFE held as at Entitlement Date at an issue price of RM0.30 per Rights Share
“Rights Shares”	:	Up to 42,450,001 new LFE Shares to be issued pursuant to the Rights Issue
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form pursuant to the Rights Issue
“Rules”	:	Rules of the Bursa Depository
“SA 1”	:	Settlement Agreement dated 23 April 2014 between Tamouh, IJM Construction, Sunway Builders, Zelan and LFE Engineering relating to the amount owing from Tamouh to ISZL Consortium for the construction of Zone C Towers amounting to AED148.26 million, equivalent to RM129.03 million (based on the exchange rate of AED1.149: RM1.00 as at 31 July 2014)
“SA 2”	:	Settlement Agreement dated 23 April 2014 between Tamouh, IJM Construction, Sunway Builders, Zelan and LFE Engineering relating to the amount owing from Tamouh to ISZL Consortium for the construction of Zone E1 Mall amounting to AED62.14 million, or equivalent to RM54.08 million (based on the exchange rate of AED1.149:RM1.00 as at 31 July 2014)

DEFINITIONS (Cont'd)

“SA 3”	:	Settlement Agreement dated 23 April 2014 between Tamouh, IJM-LFE relating to the amount owing from Tamouh to IJM-LFE for the construction of Zone E2 Hotel and Apartment amounting to AED89.49 million, or equivalent to RM77.89 million (based on the exchange rate of AED1.149:RM1.00 as at 31 July 2014)
“SC”	:	Securities Commission Malaysia
“Scheme Creditors”	:	Scheme creditors under the DRA namely Kerisma and the Bilateral Lenders
“Settlement Shares”	:	The LFE Shares to be issued to the Bilateral Lenders pursuant to the Debt Settlement
“Settlement Agreements with Tamouh”	:	SA 1, SA 2 and SA 3, collectively
“Shapadu Capital”	:	Shapadu Capital Sdn Bhd (913522-H)
“Sunway Builders”	:	Sunway Builders Sdn Bhd (285205-T)
“Supplemental DRA”	:	Supplemental Debt Restructuring Agreement dated 17 June 2014 entered into between the Obligor and the Scheme Creditors
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“Share Registrar”	:	Symphony Share Registrars Sdn Bhd (Company No. 378993-D)
“Share Premium Reduction”	:	Reduction of share premium account of LFE of RM5,218,125 based on the audited financial statements of LFE for the FYE 31 July 2014 pursuant to Section 60(2) and 64(1) of the Act which was completed on 5 October 2015
“TERP”	:	Theoretical ex-right price of LFE Shares
“Tamouh”	:	Al Tamouh Investment LLC
“Undertakings”	:	Letters of irrevocable undertaking by the Undertaking Shareholders dated 16 July 2014 from the Undertaking Shareholders to subscribe in full for their own rights entitlement as well as up to 6,886,900 Excess Rights Shares not subscribed for by the other Entitled Shareholders pursuant to the Rights Issue
“Undertaking Shareholders”	:	Liew Kiam Woon, Liew Teow Woon, Liew Chee Woon and Liew Meow Nyeon Realty Sdn Berhad (38599-M), collectively
“VWAMP”	:	Volume weighted average market price
“Zelan”	:	Zelan Holdings (M) Sdn Bhd (211033-D)
“Zone C Towers”	:	The project for which ISZL Consortium was appointed by Tamouh to design, construct and complete five (5) towers CT1 to CT5, seven (7) villas CH1 to CH7 and associated basement and podium named as Phase 1, Plot 1, Zone C Towers, Marina Square projects in Al Reem Island, Abu Dhabi, United Arab Emirates

DEFINITIONS (Cont'd)

- “Zone E1 Mall” : The project for which ISZL Consortium was appointed by Tamouh to design, construct and complete a retail development named as Phase 1, Plot 1, Zone E1 Mall, Marina Square projects in Al Reem Island, Abu Dhabi, United Arab Emirates
- “Zone E2 Hotel and Apartment” : The project for which IJM-LFE was appointed by Tamouh to construct one hotel tower block, one hotel apartment block, a podium and two levels of basement car parking named as Phase 1, Plot 1, Zone E2 Hotel and Apartment, Marina Square projects in Al Reem Island, Abu Dhabi, United Arab Emirates

All references to “our Company” in this AP are to LFE, references to “our Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, our Group. All references to “you” in this AP are references to our Entitled Shareholder(s) and/or where the context otherwise requires, their renouneece(s) (if applicable).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this AP shall be a reference to Malaysian time, unless otherwise stated.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name/ (Designation)	Address	Nationality	Occupation
Liew Kiam Woon <i>(Managing Director)</i>	No.5, Jalan Batai Damansara Heights 50490, Kuala Lumpur	Malaysian	Company Director
Kok Tong Yong <i>(Executive Director)</i>	No. 61, Jalan Camar 4/15 PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Juliana Quah Kooi Hong <i>(Executive Director)</i>	No. 3, Jalan SL 8/2 Bandar Sungai Long 43000 Kajang Selangor Darul Ehsan	Malaysian	Company Director
David Low Teck Wee <i>(Senior Independent Non-Executive Director)</i>	No. 19, Jalan 20/2 46300 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
YM Tunku Azlan Bin Tunku Aziz <i>(Independent Non-Executive Director)</i>	3-8-6, The Residence Condominium Jalan Wan Kadir 5 Taman Tun Dr Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Loo Thin Tuck <i>(Independent Non-Executive Director)</i>	No. 21, Regat Bekor 5 Taman Pertama 30100 Ipoh Perak Darul Ridzuan	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
David Low Teck Wee	Chairman	Senior Independent Non-Executive Director
YM Tunku Azlan Bin Tunku Aziz	Member	Independent Non-Executive Director
Loo Thin Tuck	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARY	:	Wong Youn Kim (MAICSA 7018778) HMC Corporate Services Sdn Bhd Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia
REGISTERED OFFICE	:	Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia Tel: 603-2241 5800 Fax: 603-2282 5022
HEAD OFFICE	:	Lot 43117, Off Jalan Balakong 43300 Balakong, Seri Kembangan Selangor Darul Ehsan, Malaysia Tel: 603-8995 8888 Fax: 603-8961 0042 Email: lfe@lfe.com.my Website: www.lfe.com.my
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd (Company No. 378993-D) Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301, Petaling Jaya, Malaysia Tel: 603-7849 0777 Fax: 603-7841 8151/52
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs Morison Anuarul Azizan Chew (Firm No. AF 001977) Chartered Accountants 18 Jalan 1/64 Off Jalan Kolam Air/ Jalan Sultan Azlan Shah (Jalan Ipoh) 51200, Kuala Lumpur, Malaysia Tel: 603-4048 2800 Fax: 603-4048 2999
SOLICITORS	:	Messrs Chellam Wong Unit L-06-08, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur, Malaysia Tel: 603-6203 0988 Fax: 603-6204 0988

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CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS** : Hong Leong Bank Berhad (97141-X)
A54, Jalan Tuanku Empat
Salak South Garden
Off Jalan Sungai Besi
57100 Kuala Lumpur, Malaysia
- Tel : 603-7982 9063
Fax : 603-7982 9210
- Malayan Banking Berhad (3813-K)
Sentul Raya Business Centre
4th Floor, 12 & 14, Jalan 14/48A
The Boulevard Shop Office
Off Jalan Sentul
50100 Kuala Lumpur, Malaysia
- Tel: 603-4045 5278
Fax: 603-4045 6009
- OCBC Bank (Malaysia) Berhad (295400-W)
Menara OCBC,
No.18, Jalan Tun Perak,
50050 Kuala Lumpur
- Tel: 603-2783 3443
Fax: 603-2694 4527
- PRINCIPAL ADVISER** : MIDF Amanah Investment Bank Berhad (23878-X)
Level 21, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
- Tel: 603-2173 8888
Fax: 603-2173 8277
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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LFE CORPORATION BERHAD
(Company No. 579343-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 2, Tower 1
Avenue 5
Bangsar South City
59200 Kuala Lumpur

28 October 2015

Board of Directors

Liew Kiam Woon (*Managing Director*)
Juliana Quah Kooi Hong (*Executive Director*)
Kok Tong Yong (*Executive Director*)
David Low Teck Wee (*Senior Independent Non-Executive Director*)
YM Tunku Azlan bin Tunku Aziz (*Independent Non-Executive Director*)
Loo Thin Tuck (*Independent Non-Executive Director*)

To: Entitled Shareholders of LFE

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 42,450,001 NEW ORDINARY SHARES OF RM0.30 EACH IN LFE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.30 EACH IN LFE HELD AS AT 5.00 P.M. ON 28 OCTOBER 2015 AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE

1. INTRODUCTION

On 1 October 2012, our Board had announced that our Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of PN17 under the Listing Requirements of Bursa Securities ("First Announcement").

On 3 December 2012, our Company announced that in furtherance to the announcement made by the Company on 28 November 2012 pertaining to the Audited Consolidated Financial Statements for the FYE 31 July 2012, the Board informed that our Company has also triggered the prescribed criteria 2.1(e) of PN17 of the Listing Requirements.

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On 30 September 2013, MIDF Investment on behalf of our Board announced that LFE proposed to undertake the following proposals (“Requisite Announcement”):

- (i) Capital Reduction;
- (ii) Share Premium Reduction;
- (iii) Rights Issue;
- (iv) Private Placement;
- (v) Debt Settlement; and
- (vi) Amendments to the M&A

On 25 July 2014, MIDF Investment had on behalf of our Board announced that the Regularisation Plan was submitted to Bursa Securities.

Subsequently, on 7 May 2015, MIDF Investment on behalf of our Board announced that Bursa Securities had vide its letter dated 7 May 2015 approved the Regularisation Plan as well as the following admission to the Official List and the listing of:

- (i) up to 42,450,001 new LFE Shares to be issued pursuant to the Rights Issue;
- (ii) 66,666,667 new LFE Shares to be issued pursuant to the Private Placement; and
- (iii) 11,197,117 new LFE Shares to be issued pursuant to the Debt Settlement.

on the Main Market of Bursa Securities.

The approval on the above was subject to the following conditions:

No.	Conditions imposed	Status of compliance
(i)	a moratorium to be imposed on Shapadu Capital and its ultimate individual shareholders of Shapadu Capital that they are not allowed to sell, transfer or assign their entire shareholdings in LFE as at the date of listing, for six (6) months from the date of listing on Bursa Securities;	Complied
(ii)	all direct and indirect shareholders of Shapadu Capital up to the ultimate individual shareholders must give an undertaking to Bursa Securities that they will not sell, transfer or assign any of their securities in Shapadu Capital for the period as stipulated in paragraph (i) above;	Complied
(iii)	with regard to the trade receivables, LFE is required to:	
	(a) fully disclose in the Circular the trade receivables position, ageing analysis and comments by its directors on the recoverability of the amount owing by trade receivables which have exceeded the credit period;	Complied
	(b) make full provision for all overdue trade receivables (excluding those that have been addressed via the settlement agreement with Tamouh which are in dispute or under legal action, or for amounts which have been outstanding for more than six (6) months. The directors of LFE should confirm to Bursa Securities that this condition has been complied with prior to the issuance of the Circular; and	Complied

No.	Conditions imposed	Status of compliance
(c)	submit a declaration by the directors of LFE to Bursa Securities that trade receivables exceeding the credit period which have not been provided for as doubtful debts, excluding those under Paragraph (b) above, are recoverable.	Complied
(iv)	completion of the settlement agreements with Tamouh prior to the implementation of the Rights Issue and Private Placement;	Complied
(v)	LFE and MIDF Investment to fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Regularisation Plan;	Complied
(vi)	LFE and/or MIDF Investment to inform Bursa Securities upon the completion of the Regularisation Plan; and	To be complied
(vii)	LFE to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Regularisation Plan is completed.	To be complied

LFE has complied with the conditions imposed by Bursa Securities with regards to item (iii)(a) above and the summary of the relevant disclosure on the trade receivables as set out the circular to the shareholders dated 19 August 2015 are as below:

As at 31 March 2015, the net trade receivables of LFE Group amounted to approximately RM60.77 million which can be analysed as follows:

Trade Receivables as at 31 March 2015	Total (RM'000)	Neither past due nor impaired (RM'000)	1-90 days past due but not impaired (RM'000)	91-180 days past due but not impaired ⁽¹⁾ (RM'000)	More than 1 year past due but not impaired ⁽²⁾ (RM'000)	Impairment (RM'000)
Trade receivables	69,718 ⁽³⁾	2,207	4,429	1,861	52,277	8,944
Less: Impairment of loss	(8,944)	-	-	-	-	(8,944)
Net trade receivables	60,774	2,207	4,429	1,861	52,277	-
% of total net receivables	100.00	3.63	7.29	3.06	86.02	-
Subsequent collections from 1 April to 7 October 2015	8,248	83	3,615	340	4,210	-
By way of contra of land on 2 July 2015	42,119	-	-	-	42,119	-
Trade receivables net of subsequent collection	10,407	2,124	814	1,521	5,948	-
% of trade receivables net of subsequent collection	100.00	20.41	7.82	14.62	57.15	-

Notes:

⁽¹⁾ No provision for doubtful debts on those amounts which have been 90 days past due as they are recoverable

⁽²⁾ LFE has made full provision for all overdue trade receivables (excluding those that have been addressed via the settlement agreements with Tamouh) which are in dispute or under legal action, or for amounts which have been outstanding for more than 6 months

⁽³⁾ The trade receivables include the retention sum receivables of RM6,910,128.

As at 31 March 2015, 86.02% of the trade receivable was due for more than 1 year whilst the outstanding due from Tamouh accounts for 74.25%. The balance of 11.77% is the retention sum withheld till the end of the projects as certain projects were in their third year of construction activities whilst others are pending the defect liability period to expire.

3.06% of the trade receivable was for more than 91 days but less than 180 days. 7.29% of the trade receivable was for more than 1 day but less than 90 days. The balances of 3.63% which is the non – retention portion of the trade receivable from Malaysia region are current.

From the net trade receivables of RM60.77 million as at 31 March 2015, the amount due from Tamouh accounts for RM45.12 million and the balance amount of RM15.65 million due from trade receivables in Malaysia region are collectable and hence no further provision of bad or doubtful debts are required.

As at 7 October 2015, the Group recorded collections of approximately RM8.25 million from the total outstanding trade receivables as at 31 March 2015. The net trade receivables as at 31 March 2015 amounted to RM58.57 million that are past due but not impaired are unsecured. This amount relates mainly to customers who are slow paymasters hence, the management monitors periodically.

As at 7 October 2015, the Group has collected RM19.14 million or 21.76 % of the amount past due as at 31 July 2014, whereas, the amount of RM60.39 million or 68.65% of the past due was settled by Tamouh through contra of properties by signing of sales and purchase agreements in relation to SA1 on 29 January 2015 and signing of Musataha Contracts (as defined herein) related to SA2 and SA3 on 2 July 2015. Hence 90.41% of the past due as at 31 July 2014 was settled as at 7 October 2015.

On 23 April 2014, the Settlement Agreements with Tamouh were entered for the settlement of amount owing from Tamouh as summarised below:

(a) SA 1 for Zone C Towers

The settlement sum from Tamouh comprises the following:

	Total AED (RM'million)	As at 31 July 2014 Total RM (RM'million)	LFE's portion of 25% (RM'million)
Principal Sum	105.01	91.39	22.85
Retention Sum and Stakeholder Sum*	43.25	37.64	9.41
Total	148.26	129.03	32.26

Note:

* Retention is a percentage of the amount certified as due to the contractor on an interim certificate, that sum is deducted from the amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract. Half of the amount retained is released on certification of practical completion and the remainder is released upon certification of making good defects.

- In respect of the Principal Sum, the amounts have been settled via the sale and purchase agreements for the Property A which has been executed on 29 January 2015 between Tamouh and ISZL Consortium for the transfer of 6 floors of office building in Zone C Towers together with a total of 60 car parking spaces ("Property A"). The total purchase consideration for the transfer of the Property A from Tamouh to ISZL Consortium is AED110.43 million and the excess sum from the total purchase consideration of AED5.42 million has been set off against the Stakeholder Sum. Tamouh shall assist ISZL Consortium to identify purchasers for the Property A and notify ISZL Consortium of the purchaser and proposed sales price of Property A. The proceeds from the disposal of Property A shall be paid to ISZL Consortium and Tamouh shall not be entitled to a fee in respect of the sales.

- In respect of the Retention Sum and the Stakeholder Sum, Tamouh has paid AED3.00 million to ISZL Consortium on 23 April 2014. The remaining sum is to be settled by Tamouh subject to fulfillment of terms and condition imposed on rectification works.
- Following the signing of sales and purchase agreements on 29 January 2015, the trade receivable due from Tamouh has been reduced significantly to RM45.12 million from RM67.97 million for FYE 2014.
- As at 20 July 2015, the estimated remaining Retention Sum and Stakeholder Sum of AED11.83 million remains outstanding from Tamouh, where LFE's portion amounted to approximately AED3.00 million.

ISZL Consortium may deal with and dispose the Property A following the signing of sales and purchase agreements. As at 20 July 2015, one (1) floor of the office building in Zone C Towers has been sold for cash consideration of AED18.17 million. In addition, ISZL Consortium has received indications from several interested purchasers to purchase the units for other levels of office floors and is currently at the stage of negotiation.

(b) SA 2 for Zone E1 Mall

The settlement sum of AED62.14 million has been settled via the execution of the Musataha Contract between ISZL Consortium nominees and Tamouh, which refers to the granting of fifty (50) years of right of exclusive possession, development, use and enjoyment of the land by Tamouh to ISZL Consortium, over Plot A ("Musataha Contract for Plot A"). The Musataha Contract for Plot A has been executed on 2 July 2015. Tamouh shall assist ISZL Consortium to identify purchaser for the Plot A and notify ISZL of the purchaser and proposed sales price for Plot A. The proceeds of any sales shall be paid to ISZL Consortium and Tamouh shall not be entitled to a fee in respect of the sales.

(c) SA 3 for Zone E2 Hotel and Apartment

The settlement sum comprises an initial sum of RM2.00 million which have been paid by Tamouh to IJM-LFE on 6 May 2014 and the balance of of AED87.49 million has been settled via the execution of the Musataha Contract between IJM-LFE nominees and Tamouh, which refers to the granting of fifty (50) years of right of exclusive possession, development, use and enjoyment of the land by Tamouh to IJM-LFE, Plot B ("Musataha Contract for Plot B"). The Musataha Contract for Plot B has been executed on 2 July 2015. Tamouh shall assist IJM-LFE to identify purchaser for the Plot B and notify IJM-LFE of the purchaser and proposed sales price for Plot B. The proceeds of any sales shall be paid to IJM-LFE and Tamouh shall not be entitled to a fee in respect of the sales.

Based on the Settlement Agreements with Tamouh, the Group is expected to receive the following settlement sums from Tamouh:

	Parties	LFE's interest on the projects	(AED'million)	Exchange to ^ (RM'million)
SA 1	ISZL Consortium	25%	37.07 ⁽¹⁾	32.26
SA 2	ISZL Consortium	25%	15.54 ⁽²⁾	13.52
SA 3	IJM-LFE	30%	26.85 ⁽³⁾	23.37
			<u>*79.46</u>	<u>*69.15</u>

Notes:

* Based on maximum entitlement scenario.

^ Based on the exchange rate of AED1.149 equivalent to RM1 as at 31 July 2014.

⁽¹⁾ Computed based on 25% of LFE's interest from the total settlement sum of SA 1 amounting to AED148.26 million.

⁽²⁾ Computed based on 25% of LFE's interest from the total settlement sum of SA 2 amounting to AED62.14 million.

⁽³⁾ Computed based on 30% of LFE's interest from the total settlement sum of SA 3 amounting to AED89.49 million.

The Board is confident that pursuant to the Settlement Agreement with Tamouh signed on 23 April 2014, the amount due from Tamouh as at 31 July 2014 of RM67.97 million will be recovered by the FYE 2015 and FYE 2016 through disposal of the above properties.

The properties received by ISZL-Consortium and IJM-LFE pursuant to SA 2 and SA 3 are estimated to be disposed of in FYE 2015 and FYE 2016 estimated at AED64.85 million whereby the Group will use its portion from the sale proceeds to settle the trade and other payables due in Abu Dhabi.

Further, in compliance with Bursa Securities conditions as per item (iii)(b) and (c) above, on 7 August 2015, MIDF Investment had on behalf of our Board submitted a declaration to Bursa Securities as tabulated below:

- (a) full provision has been made for all overdue trade receivables (excluding those that have been addressed via the settlement agreement with Tamouh) which are in dispute or under legal action, or for amounts which have been outstanding for more than 6 months; and
- (b) the trade receivables exceeding the credit period which have not been provided for as doubtful debts, excluding those under Paragraph (a) above, are recoverable.

On 10 September 2015, MIDF Investment had, on behalf of our Board, announced that our shareholders had approved all the special and ordinary resolutions as set out in the notice of EGM dated 19 August 2015. A certified true extract of the ordinary resolution pertaining to the Rights Issue passed at the said EGM is set out in Appendix I of this AP.

On 18 September 2015, MIDF Investment had, on behalf of our Board, announced that the Issue Price of the LFE Shares to be issued pursuant to the Rights Issue has been fixed at RM0.30 per Rights Share.

On 29 September 2015, MIDF Investment had, on behalf of our Board, announced that the Court had on 29 September 2015, granted an order confirming the Capital Reduction pursuant to Section 64 (1) of the Act. The advertisement as required under the aforementioned order was published in the New Straits Times distributed nationwide in English on 6 October 2015 and a copy of the sealed order has been duly lodged with the Registrar of the Companies on 5 October 2015, thus being the effective date of the Capital Reduction and marking the completion of the Capital Reduction.

Consequent thereupon, the issued and paid-up share capital of LFE is reduced from RM84,900,002 comprising 84,900,002 ordinary shares of RM1.00 each to RM25,470,001 comprising 84,900,002 LFE Shares of RM0.30.

Following the completion of the Share Premium Reduction, LFE's share premium account has been reduced by the full amount of RM5,218,125 based on the audited financial statements of LFE for the FYE 31 July 2014 with effect from 5 October 2015. In this regard, the Capital Reduction and the Share Premium Reduction had been completed on 5 October 2015.

On 13 October 2015, MIDF Investment had, on behalf of our Board, announced the Entitlement Date has been fixed at 5.00 p.m. on 28 October 2015.

The listing and quotation for the Rights Shares to be issued pursuant to the Rights Issue will take place two (2) Market Days after, amongst others, the receipt of the application for quotation of the Rights Shares by Bursa Securities.

No person is authorised to give any information or make any representation not contained in this AP in connection with or in relation to the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by MIDF Investment or us in connection with the Rights Issue.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particular of the Rights Issue

In accordance with the terms of the Rights Issue as approved by Bursa Securities on 7 May 2015 and our shareholders at the EGM held on 10 September 2015, and subject to the terms of the Documents, we shall provisionally allot up to 42,450,001 Rights Shares on the basis of one (1) Rights Share for every two (2) LFE Shares held by the Entitled Shareholders on the Entitlement Date.

In determining the entitlements to the provisional allotment of Rights Shares under the Rights Issue, any fractional entitlements under the Rights Issue will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion think expedient or in the best interests of our Company (including, without limitation, to disregard such fractional entitlements, if any, and to include such fractional entitlements in the pool of the Excess Rights Shares to be made available for Excess Rights Shares Application).

As the Rights Shares are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of provisionally allotted Rights Shares, which they are entitled to subscribe for in full or in part under the terms of the Rights Issue. The Entitled Shareholders will find enclosed in this AP, the NPA notifying the Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable the Entitled Shareholders to subscribe for the provisionally allotted Rights Shares, as well as to apply for Excess Rights Shares if the Entitled Shareholders choose to do so. The Rights Shares that are not taken up for any reason, if any, will be made available for Excess Rights Shares Application as set out in Section 3.8 of this AP.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules and any other relevant legislation. Accordingly, the Rights Shares to be issued and allotted will be credited directly into the respective CDS Accounts of successful applicants. No physical share certificates will be issued.

Notice of allotment will be despatched to the Entitled Shareholders and/or their renounee(s) (if applicable) within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities. The Rights Shares to be issued pursuant to the Rights Issue will be listed and quoted on the Main Market of Bursa Securities within two (2) Market Days after the receipt of the application for the quotation of the Rights Shares by Bursa Securities.

If you do not wish to participate in the Rights Issue, you do not need to take any action.

2.2 Basis of determining the Issue Price of the Rights Shares

Our Board has fixed the Issue Price of the Rights Shares at RM0.30 per Rights Share after taking into consideration of the following:

- (a) the par value of new LFE Shares at RM0.30 each after the Capital Reduction;
- (b) the TERP based on the five (5)-day VWAMP of LFE Shares up to and including 20 July 2015; and
- (c) the funding requirements of LFE.

The Issue Price of RM0.30 per Rights Share represents a premium of approximately 30.43% to the TERP of RM0.23 based on the five (5)-day VWAMP of LFE Shares up to and including 20 July 2015 of RM0.20.

2.3 Renunciation of the Rights Shares

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders of our Group can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for Excess Rights Shares Applications by the Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of our Board to allocate the Excess Rights Shares in a fair and equitable basis, as specified under Section 3.8 of this AP.

2.4 Excess Rights Shares

The Excess Rights Shares shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:

- (i) to minimise the incidence of odd lots;

on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration their respective shareholdings in our Company as at the Entitlement Date on a board lot basis;
- (ii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application; and
- (iii) on a pro-rata basis to the renounee(s) who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in Section 2.4(i) to (iv) of this AP are achieved. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason in respect thereof.

2.5 Ranking of the Rights Shares

The Rights Shares to be issued shall, upon allotment and issue, rank *pari passu* in all respects with the then existing LFE Shares save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the Entitlement Date of which is prior to the allotment date of the Rights Shares.

2.6 Listing and quotation of the Rights Shares

Bursa Securities had, vide its letter dated 7 May 2015, granted its approval for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions as disclosed in Section 1 of this AP.

The listing of and quotation for the Rights Shares is expected to be completed by the fourth (4th) quarter of calendar year 2015.

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2.7 Details of other corporate proposals

As at LPD, save for the following corporate exercises as set out below and the Rights Issue, which is the subject of this AP, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been approved by regulatory authorities and is pending implementation:

- (i) Private Placement; and
- (ii) Debt Settlement;

The Private Placement and Debt Settlement are being implemented concurrently with the Rights Issue.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATIONS FOR THE RIGHTS ISSUE

3.1 General

As an Entitled Shareholder of our Company, your CDS account will be duly credited with the number of provisionally allotted Rights Shares, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue (fractional entitlement, if any, having been disregarded). You will find enclosed with this AP, the NPA notifying you of the crediting of such provisionally allotted Rights Shares into your CDS account and the RSF to enable you to subscribe for the Rights Shares provisionally allotted to you, as well as to apply for Excess Rights Shares if you choose to do so. This AP and the RSF are also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

3.2 NPA

The provisionally allotted Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisionally allotted Rights Shares will be by book entries through CDS accounts and will be governed by the SICDA and the Rules. As an Entitled Shareholder, you and/or your renounee(s)/ (if applicable) are required to have valid and subsisting CDS accounts when making your application for the Rights Shares.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares is 5.00 p.m. on Friday, 13 November 2015, or such later date and time as our Board in its absolute discretion may decide. Where the Closing Date of the acceptance and payment is extended from the original Closing Date, the announcement of such extension will be made not less than two (2) Market Days before the original Closing Date.

3.4 Procedures for full acceptance and payment

Acceptance of and payment for the Rights Shares provisionally allotted must be made on the RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms and conditions of this AP, the NPA or the RSF or the notes and instructions contained in these Documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT AS WELL AS EXCESS RIGHTS SHARES APPLICATION ARE SET OUT IN THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

Acceptance and/or payment for the Rights Shares which do not conform strictly to the terms of this AP, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

If you wish to accept the Rights Shares provisionally allotted to you either in full or in part, please complete Parts I (a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be dispatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar at the following address:

FOR DELIVERY BY HAND AND/OR COURIER:-

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

FOR ORDINARY POST:-

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Helpdesk Telephone No: 603-7849 0777
Facsimile No: 603-7841 8151/8152

so as to arrive not later than 5.00 p.m. on Friday, 13 November 2015, being the last time and date for acceptance of and payment (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time).

One (1) RSF can only be used for acceptance of the provisionally allotted Rights Shares standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of provisionally allotted Rights Shares standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares subscribed by you will be credited into the respective CDS Account(s) where the provisionally allotted Rights Shares are standing to the credit.

The minimum number of Rights Shares that can be subscribed for and accepted is one (1) Rights Shares. However, you should take note that a trading board lot comprises 100 Rights Shares. Fractions of a Rights Share arising from the Rights Issue will be disregarded and dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

A reply envelope is enclosed with this AP. In order to facilitate the processing of the RSF(s) by our Share Registrar for the Rights Shares, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**LFE RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, address and your CDS Account number in block letters, which must be received by our Share Registrar by 5.00 p.m. on Friday, 13 November 2015, being the last time and date for acceptance and payment (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WILL BE ALLOTTED AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

PROOF OF POSTAGE SHALL NOT CONSTITUTE PROOF OF RECEIPT BY OUR SHARE REGISTRAR OR COMPANY.

OUR SHARE REGISTRAR WILL NOT CONTACT YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) FOR ACCEPTANCES WHICH DO NOT STRICTLY CONFORM TO THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF OR THE NOTES AND INSTRUCTIONS CONTAINED IN THESE DOCUMENTS, OR WHICH ARE ILLEGIBLE.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF(S) AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Rights Shares provisionally allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on Friday, 13 November 2015, being the last time and date for acceptance and payment (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time), such provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares to applicants applying for the Excess Rights Shares in the manner as set out in Section 3.8 of this AP.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, Bursa Securities' website (<http://www.bursamalaysia.com>) or our Share Registrar.

3.5 Procedures for part acceptance

You are entitled to accept part of your entitlement of the provisionally allotted Rights Shares. The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share.

WHEN YOU ACCEPT ONLY PART OF YOUR PROVISIONALLY ALLOTTED RIGHTS SHARES, YOU WILL AUTOMATICALLY BE ACCEPTING THE RIGHTS SHARES IN MULTIPLES OF ONE (1) RIGHTS SHARE. IN DETERMINING THE ENTITLEMENT TO THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES UNDER THE RIGHTS ISSUE, ANY FRACTIONAL ENTITLEMENTS UNDER THE RIGHTS ISSUE WILL BE DISREGARDED AND SHALL BE DEALT WITH IN SUCH MANNER AS OUR BOARD IN ITS ABSOLUTE DISCRETION DEEMS FIT, EXPEDIENT AND IN THE BEST INTEREST OF OUR COMPANY.

You must complete both Part I (a) of the RSF by specifying the number of Rights Shares which you are accepting, and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.4 of this AP.

The portion of the provisionally allotted Rights Shares that has not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares.

3.6 Procedures for sale or transfer of provisional allotment of Rights Shares

The provisional allotment of Rights Shares is renounceable and will be traded on Bursa Securities commencing 29 October 2015 up to and including 4 November 2015. As such, you and/or your renounee(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares.

As the provisionally allotted Rights Shares are prescribed securities, you and/or your renounee(s) (if applicable) who wish to sell/transfer all or part of your entitlements to the Rights Shares to one (1) or more than one (1) person(s) may do so immediately through your stockbrokers for the period up to the last time and date for sale or transfer of the provisionally allotted Rights Shares (in accordance with the Rules) without first having to request for a split of the provisionally allotted Rights Shares standing to the credit of your CDS account. To sell/transfer all or part of your provisionally allotted Rights Shares, you and/or your renounee(s) (if applicable) may sell such entitlements in the open market of Bursa Securities for the period of up to the last day and time for sale of the provisionally allotted Rights Shares (in accordance with the Rules) or transfer such entitlement to such persons as may be allowed pursuant to the Rules for the period of up to the last day and time for transfer of the provisionally allotted Rights Shares (in accordance with the Rules).

In selling/transferring all or part of your provisionally allotted Rights Shares, you and/or your renounee(s) (if applicable) need not deliver any document (including the RSF), to any stockbroker in respect of the portion of the provisional allotment sold/transferred. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares standing to the credit of your CDS account that are available for settlement of the sale/transfer.

Renounee(s) (if applicable) of the provisional Rights Shares may obtain a copy of this AP and the RSF from their stockbrokers or from our Share Registrar or at our Registered Office. This AP and the RSF are also available on Bursa Securities website at (<http://www.bursamalaysia.com>).

If you and/or your renounee(s) (if applicable) have sold/transferred only part of your provisionally allotted Rights Shares, you may still accept the balance of the entitlements of the Rights Shares by completing Parts I (a) and II of the RSF and forwarding the RSF together with the full amount payable on the balance of the Rights Shares applied for to our Share Registrar in accordance with the instructions set out in Section 3.4 of this AP.

ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

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ENTITLED SHAREHOLDERS WHO DISPOSE OF OR TRANSFER THEIR PROVISIONALLY ALLOTTED RIGHTS SHARES WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES IN THE PROPORTION OF ONE (1) RIGHTS SHARE. THEY CANNOT RETAIN THE PROVISIONALLY ALLOTTED RIGHTS SHARES NOR CAN THEY DISPOSE OF OR TRANSFER THEIR ENTITLEMENTS IN ANY PROPORTION OTHER THAN THAT STATED ABOVE.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

3.7 Procedures for acceptance by renounee(s)

As a renounee, the procedures for acceptance, selling or transferring of provisionally allotted Rights Shares, applying for the Excess Rights Shares and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 3.4, 3.5 and 3.6 of this AP. Please refer to the relevant sections for the procedures to be followed.

Renounee(s) who wish to accept the provisionally allotted Rights Shares must obtain a copy of the RSF from their stockbrokers, our Share Registrar or at our Registered Office or from Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

RENOUNCEES(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND RSF.

3.8 Procedures for application for Excess Rights Shares

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I (b) of the RSF (in addition to Parts I (a) and II) and forwarding it (together with a separate remittance made in RM for the full amount payable in respect of the Excess Rights Shares applied for), to our Share Registrar at the address set out in Section 3.4 above, not later than 5.00 p.m. on Friday, 13 November 2015, being the last time and date for acceptance and payment (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time).

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 3.4 of this AP except that the Banker's Draft or Cashier's Order or Money Order or Postal Order is drawn on a bank or post office in Malaysia and made payable to "LFE EXCESS RIGHTS SHARES ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name, address and your CDS Account number in block letters, which must be received by our Share Registrar by the stipulated date and time for acceptance and payment. The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of the Board to allocate the excess Rights Shares, if any, in the following priority:

- (i) to minimise the incidence of odd lots;
- (ii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration their respective shareholdings in our Company as at the Entitlement Date on a board lot basis;
- (iii) on a pro-rata basis to the Entitled Shareholders who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application; and
- (iv) on a pro-rata basis to the renounee(s) who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I (b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out above are achieved. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason in respect thereof.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WILL BE ALLOTTED AND A NOTICE OF ALLOTMENT WILL BE DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOU SHOULD NOTE THAT THE RSF(S) AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND WILL BE DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>) or our Share Registrar.

3.9 Procedures for refund

In respect of unsuccessful or partially successful Excess Rights Shares Applications, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and will be dispatched to the applicants by ordinary post to the address as shown in our Record of Depositors at your own risk within fifteen (15) Market Days from the last date for acceptance of and payment for the Excess Rights Shares.

Further, as set out in Section 6.2.5 below, the Rights Issue is exposed to risks that it may be aborted or delayed on the occurrence of any circumstances which are beyond the control of our Company, arising prior to the implementation of the Rights Issue. In addition, as stated in Section 9 of this AP, our Company has procured the written irrevocable Undertakings from the Undertaking Shareholders to subscribe in full for their respective entitlements to the Rights Shares in respect of their direct shareholdings in LFE.

In the event that the Rights Issue is not successful, the application monies will be refunded to the Entitled Shareholders and/or their renounee(s) (if applicable) who have applied and paid for the subscription of the Rights Shares. All application monies will be refunded in accordance with Section 243 of the CMSA except for the costs of purchasing the provisional allotment of the Rights Shares and any expenses associated therewith.

Our Board will take all necessary steps to start the refund process immediately to ensure that the Entitled Shareholders and/or their renounee(s) (if applicable) receive the application monies as soon as reasonably practicable.

3.10 Splitting

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS Accounts of the Entitled Shareholders and the new purchaser. The provisional allotment of Rights Shares will be credited into your CDS Account. You will be notified of the crediting via the NPA which is enclosed with this AP. You may sell part of or all of the Rights Shares provisionally allotted to you.

3.11 Form of issuance

Bursa Securities has already prescribed the LFE Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the said securities will be by book entry through CDS Accounts and will be governed by the SICDA, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules. You are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Shares.

Failure to comply with these specific instructions for applications or inaccuracy of the CDS Account number may result in your application being rejected. Your subscription for the Rights Shares shall mean consent to receive such Rights Shares as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued. Instead, the Rights Shares will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post to address shown in the Record of Depositors at your own risk within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares, or such other period as may be prescribed by Bursa Securities.

Any person who intends to subscribe for the Rights Shares as a renounee by purchasing the provisional allotment of Rights Shares from an Entitled Shareholder will have his Rights Shares credited directly as prescribed securities into his/her CDS Account. The Excess Rights Shares, if allotted to the successful applicant who applied for Excess Rights Shares will be credited directly as prescribed securities into his/her CDS Account.

If you have multiple CDS Accounts into which the provisional allotments of the Rights Shares have been credited, you cannot use a single RSF for subscription of all these provisional allotment of the Rights Shares. Separate RSF(s) must be used for separate CDS Accounts. If successful, the Rights Shares that you subscribed for will be credited into the CDS Accounts where the provisional allotments of the Rights Shares are standing to the credit. You may not request for the Rights Shares accepted/applied for in a particular CDS Account to be credited into more than one (1) CDS Account.

3.12 Foreign Addressed Shareholders

The Documents have not been and will not be made to comply with the laws of any foreign country or jurisdiction and have not been and will not be lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The Documents are not intended to be and will not be issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this AP relates is only available to persons receiving this AP, the NPA and the RSF or otherwise within Malaysia.

The distribution of the Documents, as well as the acceptance of the provisionally allotted Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdictions under the relevant laws of those countries or jurisdictions.

If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by foreign Entitled Shareholders and/or their renounce(s) (if applicable) in any jurisdiction other than Malaysia.

As a result, the Documents have not been and will not be sent to our Foreign Addressed Shareholders. Accordingly, the Documents will only be sent to Entitled Shareholders who have provided a registered address or an address for service of documents in Malaysia at the Entitlement Date. However, the Foreign Addressed Shareholders may collect the Documents from our Share Registrar, Symphony Share Registrars Sdn Bhd (Company No. 378993-D) Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301, Petaling Jaya, Selangor Darul Ehsan, Malaysia in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these Documents.

No action has been taken to ensure that the Rights Issue and the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which the Documents relate to is only available to persons receiving the Documents within Malaysia. The Documents do not constitute and may not be used for the purpose of an offer to sell, solicitation or invitation of an offer to subscribe for the Rights Shares in any country or jurisdiction outside Malaysia or to any person to whom it would be unlawful to make such offer, solicitation or invitation.

If you are a Foreign Addressed Shareholder, we will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. We will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The foreign Entitled Shareholders and/or their renouncee(s) (if applicable) may only accept or renounce all or any part of their entitlement and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so. LFE, our Board and officers, MIDF Investment and/or other experts ("Parties") would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) is or might be subject to. The foreign Entitled Shareholders and/or their renouncee(s) (if applicable) who are residing in countries or jurisdictions other than Malaysia should therefore immediately consult their legal or other professional adviser as to whether the acceptance, renunciation, sale or transfer (as the case may be) of their entitlements to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s) (if applicable) is a resident. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation or sale or transfer made by any foreign Entitled Shareholder and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholder and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlement or to any net proceeds thereof.

The foreign Entitled Shareholders and/or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay.

We reserve the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The provisionally allotted Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by the other Entitled Shareholders and/or their renounee(s) (if applicable).

Each person, by accepting the delivery of this AP, the NPA and the RSF, accepting any provisionally allotted Rights Shares by signing any of the forms accompanying this AP or subscribing for or acquiring the Rights Shares will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) Our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are or might be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have complied with the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are or might be subject to in connection with the acceptance or renunciation;
- (iii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the provisionally allotted Rights Shares, be in breach of the laws of any country or jurisdiction to which that person is or might be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have obtained a copy of this AP and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the parties and receive answers thereto as the foreign Entitled Shareholders and/or their renounee(s) (if applicable) deem necessary in connection with the foreign Entitled Shareholder and/or their renounee(s) (if applicable) decision to subscribe for or purchase the Rights Shares; and
- (vi) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

4. RATIONALE FOR THE RIGHTS ISSUE

As previously stated in Section 1 of this AP, our Group was classified as an Affected Listed Issuer pursuant to Paragraph 8.04 and Paragraph 2.1(a) of PN17 under the Listing Requirements of Bursa Securities on 1 October 2012 and subsequently on 3 December 2012, our Board informed that our Company has also triggered the prescribed criteria 2.1(e) of PN17 of the Listing Requirements of Bursa Securities.

The PN17 criteria was triggered due to our Group's auditors expressing a modified opinion with emphasis on our Group's going concern in the LFE Group's consolidated financial statements for the FYE 31 July 2012 and the shareholder's equity of our Group on a consolidated basis was less than 25% of the issued and paid-up share capital of our Group as a result of LFE having made a full impairment for an amount owing by a former director of RM26.50 million.

As part of our Group's effort to improve LFE's financial performance, our Board had implemented measures such as optimising utilisation of resources and operations to improve productivity and efficiencies. In addition to the said measures, our Group had entered into the Debt Settlement to reduce the borrowings of our Group.

Premised on the above, our Board having considered various strategies to regularise the business of our Company as well as to recapitalise the Company's balance sheet, had considered the Rights Issue, being part of the Regularisation Plan formulated is most appropriate for our Company. This conclusion was arrived in view of the undertakings by the identified placees, as well as the Minimum Subscription Level to raise minimum gross proceeds of RM5.00 million for working capital purposes.

The main objective of the Regularisation Plan is to return LFE to a better financial standing and profitability through the undertaking of the Fund Raising and Debt Settlement, thereby benefiting all stakeholders.

The Rights Issue is undertaken to raise funds for the purposes as stated in Section 5 below.

After due consideration of various method of fund raising, our Board is of the view that, in tandem with the Private Placement, the Rights Issue is currently the most appropriate avenue of Fund Raising after taking into consideration, amongst others, the following factors:

- (i) the Rights Issue will enable our Company to raise funds primarily to fully settle the debt of RM9,975,816 owing to Kerisma and finance our Group's working capital requirements;
- (ii) improve our liquidity and financial flexibility as well as optimise our Group's capital structure by strengthening our financial position;
- (iii) to raise immediate funds for our Group without incurring interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments; and
- (iv) the Rights Issue is also intended to give existing shareholders the opportunity to subscribe for new shares to increase their shareholding in our Company, given that the Private Placement will result in dilution of the existing shareholders' shareholding in the Company.

In addition, the Rights Issue which forms part of our Regularisation Plan is undertaken as part of our initiative plan pursuant to the PN17 classification. The completion of the Regularisation Plan is expected to assist in our turnaround and enable our Group to be uplifted from the PN17 classification. For further information on the risk factors in relation to the PN17 classification, please refer to Section 6 of this AP.

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5. UTILISATION OF PROCEEDS

Based on the Issue Price of RM0.30 per Rights Share, the Rights Issue and Private Placement are expected to raise gross proceeds of approximately up to RM12.74 million and RM20.00 million respectively.

The details of the utilisation of proceeds from the Rights Issue and Private Placement are as follows:

	Minimum Subscription Level	Maximum Scenario	Notes	Expected timeframe for utilisation of proceeds from the listing of LFE Shares
Proposed utilisation of proceeds	RM'000	RM'000		
Repayment for the collateralised loan obligation with Kerisma	9,976	9,976	(i)	Within one (1) month
Working capital of LFE Group	13,641	20,989	(ii)	Within twelve (12) months
Repayment to Bilateral Lenders	383	770	(iii)	Within ten (10) business days from Capital Injection Date
Estimated expenses for the Regularisation Plan	1,000	1,000	(iv)	Within three (3) months
	25,000	32,735		

Notes:

- (i) The repayment to Kerisma via cash settlement from the Fund Raising is by 4th quarter of 2015;
- (ii) The proceeds of up to RM20.99 million will be utilised for working capital requirements of LFE Group;

Further breakdown on the utilisation of proceeds for the Minimum Subscription Level and Maximum Scenario of the Regularisation Plan are as follows:

	Minimum Subscription Level RM'000	Maximum Scenario RM'000
Total working capital available	13,641	20,989
Proposed settlement:		
Trade payables – Malaysia	(2,337)	(2,337)
Trade payables– Abu Dhabi Branch	(1,050)	(1,050)
Trade payables– Qatar	(200)	(200)
Other payables *:		
Malaysia	(1,774)	(1,774)
Vietnam	(100)	(100)
Working Capital Available for Business ^	8,180	15,528

Notes:

* Other payables comprise staff salaries, directors' fees, professional fees and expenses relating to employees namely employees provident funds, income taxes and staff claims.

^ The working capital available for business amounting to RM8.18 million and RM15.53 million based on the Minimum Subscription Level and Maximum Scenario, respectively will be utilised for funding of existing and new projects. Details for the utilisation of the proceeds for funding of existing projects and new projects is as below:

Purpose of utilisation	Proceeds allocation (%)	Minimum Subscription Level (RM'000)	Maximum Scenario (RM'000)
For procurement of Performance Bond, Letter of Credit and advanced down payment for the purchase of projects equipment and materials	30	2,454	4,658
For project financing to cater for financing requirement in view of the lead time on each stage of the progress works completed and Certification of Progress Claims by Consultant and payment by the employers.	30	2,454	4,658
For working capital purposes to finance LFE's day-to-day operations, including inter-alia, payment to trade suppliers, salaries and deployment of operational expenses.	30	2,454	4,658
For purchasing of site equipment and site facilities.	10	818	1,554
TOTAL		8,180	15,528

(iii) The amount payable to Bilateral Lenders based on the Minimum Subscription Level and Maximum Scenario are as follows:

- (a) If the subscription rate of right issue taken up by the public exceeds 50% (the "Threshold") then 10% of such proceeds in excess of the Threshold shall be payable to the Bilateral Lenders on the tenth (10th) business day from the Capital Injection Date; and
- (b) LFE to settle the balance of the agreed settlement sum by paying the Bilateral Lenders in instalments at an interest rate of base lending rate +1%, on or before the last business day of every month, over a period of 48 months or shorter period commencing from 31 May 2013.

	Minimum Subscription Level (RM'000)	Maximum Scenario (RM'000)	Timeframe for utilisation
(a) 10% of proceeds in excess of the Threshold	Nil	387	Within ten (10) business day from Capital Injection Date
(b) Interest payable based on Supplemental DRA	383	383	Within ten (10) business day from Capital Injection Date
Total	383	770	

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- (c) The debts owing to the Scheme Creditors amounting to RM18,080,290 based on the cut-off date as at 30 June 2012 will be settled, via the following pursuant to the DRA and the Supplemental DRA:

Lender	Facility	Outstanding as at 30 June 2012 RM	Agreed settlement amount RM	Cash settlement/ instalment RM	LFE Shares issuance RM
Kerisma	Collateralised loan obligation	7,653,432	9,975,816 [#]	9,975,816 ^{##}	-
OCBC Bank (M) Berhad	Bank overdraft	846,830	846,830	550,440*	296,390**
Malayan Banking Berhad	Bank overdraft	1,996,890	1,996,890	922,292*	496,619**
Hong Leong Bank Berhad	Term loan	4,246,311	4,246,311	2,692,502*	1,449,809**
Hong Islamic Berhad	Leong Bank Revolving credit	3,336,827	3,336,827	2,073,161*	1,116,317**
TOTAL		18,080,290	20,402,674	16,214,211	3,359,135

Notes:

- # the principal outstanding amount as at 30 June 2012 for Kerisma was RM7.65 million. Due to the interest charges from 1 July 2012 to 31 May 2014 of RM1.83 million and the compensation to bond holders in lieu of warrant of RM0.50 million, the total agreed settlement sum to Kerisma is RM9.98 million
- ## to be settled via cash settlement by 4th quarter of 2015
- * outstanding unsecured amount to be settled in instalments over a period of 48 months or shorter period commencing from 31 May 2013
- ** the LFE Shares to be issued for part settlement of debts owing to the Bilateral Lenders namely OCBC Bank (M) Berhad, Malayan Banking Berhad, Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad pursuant to the DRA and Supplemental DRA are not entitled for the Proposed Rights Issue

- (iv) The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at RM1.00 million for the Regularisation Plan. If the actual expenses incurred pursuant to the Regularisation Plan are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital.

Pending the utilisation of proceeds from the Rights Issue for the above purposes, the proceeds will be deposited with financial institutions or short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short term money market instruments will be used as additional working capital of our Group.

6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this AP, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that are currently deemed to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to the construction industries, operations and business of our Group

6.1.1 General business risk

The Regularisation Plan will not materially change the prospects and risks of our Company's business as our Group would still be exposed to the same business, operational, financial and investment risks inherent in the construction sector.

Risk inherent in the construction sector includes shortages of construction materials for example steel bars, ready-mixed concrete, cement and diesel. Besides, skilled workers, price increase in construction materials, the non-performance or unsatisfactory performance of sub-contractors, inclement weather, natural disasters, accidents, failure or postponement in the issuance or granting of licenses, permits and approvals, and unforeseen engineering or environmental problems are also the risks that need to be faced by players in the construction sector. Construction delays, loss of revenue and cost over-runs are likely to result from such events which could in turn, adversely affect the business, operations and financial performance, and which, may affect our Group's profitability.

Our Group endeavors to keep abreast with the latest developments in the construction industry to ensure the success and future profitability of the LFE Group's business plan. In addition, LFE Group seeks to mitigate its construction risk through, amongst others, close monitoring of the progress of its construction projects and endeavor to promptly rectify any setback in order to ensure that performance is not materially and adversely affected.

Although our Group seeks to minimise these risks through, inter alia, careful identification of the type of construction projects, thorough study, proper negotiation and due consideration of contract terms in particular allocation of risks, prudent financial policy, close supervision on their construction projects and effective human resource management, no assurance can be given that any changes in these factors will not have any material adverse effect on our Group.

6.1.2 Political, economic and regulatory risks

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia could materially and adversely affect the financial and business prospects of our Group. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalism, re-negotiation or nullification of existing sales orders and contracts, interest rates, method of taxation and currency exchange rates. While our Group will seek to limit the impact of such risk to its business, there is no assurance that any change in the above factors will not have a material adverse effect on the business and operations of our Group.

6.1.3 Competition from other construction players

The Malaysian construction industry is highly competitive and our Group faces intense competition from various construction companies, both listed and non-listed companies. Due to such competitive pressures, our Group's financial performance may be affected by highly competitive pricing in the process of securing a construction contract.

Our Group seeks to maintain its competitiveness by actively participating in competitive bidding and strategic negotiation to successfully secure contracts. However, there can be no assurance that these efforts will enable our Group to compete effectively with current and new entrants into the construction sector in the future.

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6.1.4 Exposure to defects liability claims

Construction contracts and sale and purchase agreements commonly stipulate a defects liability period for work done, which carry warranty periods of up to 24 months, from the official handing over of the completed projects, depending on the nature of the contract. The warranty guarantees the rectification of any defects in the project which may surface or be identified during the defects liability period at the sole cost and expense of the contractor / developer. Such rectification of defects will inevitably result in an increase in completion costs and affect the profitability of affected projects.

Should our Group be required to fulfill its warranty obligations in the rectification of projects, its profit margin will be decreased depending on the severity of the rectification works, hence affecting overall financial performance.

There is no assurance that any disputes arising from the defect liability period or warranty period will not have a material impact on our Group. To mitigate the risk of defects, our Group seeks to ensure that all suppliers and sub-contractors employed are trustworthy and reliable and have a good track record of completed work.

6.1.5 Possible delays in completion of projects

Construction projects are also subject to tight deadlines and budgets. However, the timely completion of projects is dependent on many external factors, including obtaining the necessary permits or approvals from the relevant Government agencies or authorities, securing and sourcing quality construction and building materials in adequate amounts and at reasonable prices, availability of workers and satisfactory performance of sub-contractors appointed to complete the construction projects. Any extensions in the projects would increase construction overheads and attract negative reputation and legal uncertainties. Any delay in completion may give rise to additional costs and may adversely affect our Group's reputation and financial performance.

To mitigate this risk, our Group monitors the work schedule of all its projects closely to ensure that all projects are completed within their stipulated timeframes. At the same time, our Group constantly strives to appoint reliable and reputable suppliers and sub-contractors to ensure timely delivery of raw materials and to follow closely the project completion deadlines. Notwithstanding the monitoring efforts, there can be no assurance that the projects will not be delayed as the abovementioned factors are beyond the control of LFE.

6.1.6 Country Risk

Our Group has undertaken various overseas construction projects in different part of the world and the country risk as envisaged in the latest project in United Kingdom will be no different than those projects executed in other countries. Similarly, our Group will adopt precautionary measures to mitigate risks that are inherent in the construction industry and in overseas environment.

Our Group was appointed by Cranborne Enterprise Limited to provide project management consultancy work and also as the managing contractor for the hotel and service apartments' project.

Being our Group's first venture into a construction project in United Kingdom, precautionary measures will be taken such as to understand in advance the local authority requirements, and to ensure detailed planning of work prior to execution of work in view of the stringent working environment and the high standard of safety compliances required. At the same time, the project work schedule will be monitored closely to ensure the project is completed within the stipulated timeframe. However, there can be no assurance that the country risk where our Group projects are undertaken will not have any impact on the projects.

6.1.7 Foreign Exchange

Our Group's projects in Abu Dhabi are transacted in AED, whilst our revenue is denominated in RM. Our Group is paid in AED for these projects and LFE and its consortium and joint venture partners pay the local sub-contractors, in AED. Any repatriation back to Malaysia is transacted from AED to RM. If there is any adverse fluctuation in either of the above currencies, then, in such situations, there is a possibility that LFE Group could incur foreign exchange gain/losses.

Similarly, the proposed project in United Kingdom is transacted in GBP. LFE is to be paid in GBP for progress claims for the services to be provided by the local sub-contractors. Any repatriation back to Malaysia will be transacted from GBP to RM. If there is any adverse fluctuation in the currencies, there is also a possibility that LFE Group could incur foreign exchange gain/losses.

The management will continue to monitor our foreign exchange exposure by keeping abreast with current political and economic conditions in Abu Dhabi, United Kingdom and Malaysia.

Notwithstanding the above and although we have not previously experienced any material adverse effect arising from foreign exchange fluctuations on our financial performance in the past three (3) FYE 31 July 2012 to FYE 31 July 2014 and up to LPD, there is no assurance that any foreign currency exchange fluctuations in the future will not adversely affect our financial performance.

6.1.8 Delay in sale of properties pursuant to the Settlement Agreement

Tamouh has signed 3 Settlement Agreements with ISZL Consortium and IJM-LFE for Zone C Towers, Zone E1-Mall and Zone E2 Hotel and Apartment on 23 April 2014 for full settlement of the outstanding amount of approximately RM67.97 million as at 31 July 2014 due from Tamouh.

The properties have been received by ISZL-Consortium and IJM-LFE pursuant to the Settlement Agreements with Tamouh and are estimated to be disposed of in FYE 2015 and FYE 2016 at an estimated amount of AED64.85 million.

In the event there is a delay in the sale of the properties, LFE Group's financial performance may be affected by the timing of the recovery of the said amount in FYE 2015 and FYE 2016.

However, the management will continue to monitor closely on the disposal of the properties together with the other members of the consortium to ensure that the amount will be recovered in a timely manner.

6.2 Risks relating to the Rights Issue

6.2.1 Investment risk

The market price of the Rights Shares to be issued pursuant to the Rights Issue will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the industries in which the LFE Group operates.

The Issue Price was derived after taking into consideration the par value of the LFE Shares of RM0.30 each after the Capital Reduction, the TERP of RM0.23 based on the five (5)-day VWAMP of the LFE Shares up to and including 20 July 2015 of RM0.20 and the funding requirements of LFE.

Notwithstanding that, there is no assurance that the market price of the Rights Shares, upon or subsequent to their listing, will trade above the Issue Price of RM0.30 upon or subsequent to the listing of and quotation of the Rights Shares on the Main Market of Bursa Securities.

6.2.2 Capital market risk

The performance of our local bourse is influenced by external factors such as performance of regional and world bourses, flow of foreign funds and prices of certain commodities. Sentiments are also largely driven by internal factors such as the economic and political condition of the country, foreign exchange policies, interest rates as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus adding risk to the market price of LFE Shares upon its removal of suspension.

Notwithstanding this, it should be noted that the financial performance of our Group is not dependent on and has no direct correlation with the performance of the local as well as other bourses.

6.2.3 PN17 classification and delisting risk

Bursa Securities had vide its letter dated 7 May 2015 granted its approval for the Regularisation Plan. The Company has twelve (12) months from 7 May 2015 to complete the implementation of its Regularisation Plan. However, Bursa Securities shall only consider uplifting the PN17 classification after our Group has complied with the requirements under Paragraph 8.04 and PN17 of Listing Requirements.

In accordance with Paragraph 8.04(8) of the Listing Requirements, in order for us to be removed from a PN17 classification, we must complete the implementation of our Regularisation Plan and submit an application to Bursa Securities to demonstrate that our Company is no longer a PN17 company, together with all necessary evidence. In addition, pursuant to Paragraph 5.2 of PN17, if a PN17 issuer undertakes a regularisation plan which will not result in a significant change in the business direction or policy of the PN17 issuer, it must, amongst others, complete the implementation of the plan within six (6) months from the date the plan is approved by Bursa Securities. However, for cases which involve court proceedings, a PN17 issuer has up to twelve (12) months from the date the plan is approved by Bursa Securities, to complete the implementation of the plan and record a net profit in two (2) consecutive quarterly results immediately after the completion of the implementation of the Regularisation Plan.

If the above conditions and/or approvals are not met and/or obtained by the Company within the stipulated timeframe, LFE shall be removed from the Official List of Bursa Securities upon the expiry of two (2) Market Days from the date of notification or such other date specified by Bursa Securities to the Company. The management of our Group will endeavor to ensure that the deadline for the completion of the Regularisation Plan is met to avoid the delisting of LFE.

Further, in accordance with Paragraph 8.04(9) of the Bursa Securities, if we trigger any one (1) or more prescribed criteria in PN17 within three (3) years after the upliftment of our PN17 classification, we must undertake a regularization plan which will result in a significant changes in our business direction or policy and submit the plan to the SC for approval.

Notwithstanding that, there is no assurance that our Company will not trigger any one (1) or more of the prescribed criteria in PN17 of the Listing Requirements within three (3) years after the upliftment of our PN17 classification.

6.2.4 Potential dilution

Entitled Shareholders who do not or are not able to accept their entitlement in respect of the Rights Issue will have their proportionate ownership and voting interests in the Company reduced, and the percentage of the enlarged and paid-up share capital of our Group represented by their shareholding in the Company will also be reduced accordingly. In addition, our Company also undertakes Private Placement which will result in the reduction of percentage of ownership and voting interest in our Company.

6.2.5 Failure or delay in the implementation of the Rights Issue

The Rights Issue is exposed to the risk that it may be delayed or aborted on the occurrence of any material adverse change of events/ circumstances such as changes in political leadership and unfavourable changes in the government's policies such as taxation regulations as well as other force majeure events, which are beyond the control of our Company and MIDF Investment, arising prior to or during the implementation of the Rights Issue.

Nevertheless, our Group will endeavor to ensure the successful listing of the Rights Shares. However, there can be no assurance that the abovementioned events will not occur and cause a delay in or abortion of the Rights Issue. In the event of failure in the completion of the Rights Issue, all application monies received pursuant to the Rights Issue will be refunded to our Entitled Shareholders and/or their renounee(s) (if applicable) who have subscribed for the Rights Shares in accordance with Section 243 of the CMSA except for the costs of purchasing the provisional allotment of the Rights Shares and any expenses associated therewith.

In the event that the Rights Issue is cancelled and the Rights Shares have been validly allotted to the Entitled Shareholders and/or their renounee(s) (if applicable), a return of monies to the Entitled Shareholders and/or their renounee(s) (if applicable) can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of a special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the Court. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

6.2.6 Forward Looking Statements

Certain statements in this AP are based on historical data which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Directors, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates and foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this AP should not be regarded as a representation or warranty by our Company or our advisers that the plans and objectives of our Group will be achieved.

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7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of the Malaysian Economy

The Malaysian economy registered a growth of 4.9% in the second quarter of 2015 (1Q 2015: 5.6%). Private sector expenditure remained the key driver of growth (5.7%; 1Q 2015: 9.6%), and contributed towards a continued expansion in domestic demand. This helped to offset the negative contribution from net exports during the quarter. On a quarter-on quarter seasonally-adjusted basis, the economy recorded a growth of 1.1% (1Q 2015: 1.2%).

The private sector remained the key driver of growth during the quarter. Private consumption expanded at a more moderate rate of 6.4% (1Q 2015: 8.8%) as households adjust to the implementation of the Goods and Services Tax (“GST”). Private investment grew more moderately by 3.9% (1Q 2015: 11.7%), due to a decline in spending on machinery and equipment, especially in the transportation segment, and slower investment in dwelling services. Growth in public investment turned negative in the second quarter (-8.0%; 1Q 2015: 0.5%), attributed mainly to the near completion of a few projects by public enterprises, which more than offset the positive growth of capital expenditure by the Federal Government. Meanwhile, public consumption recorded a higher growth of 6.8%; (1Q 2015: 4.1%) following the stronger expansion in supplies and services expenditure amid sustained growth in emoluments.

On the supply side, the major economic sectors registered more moderate growth during the quarter. The lower growth in the services sector was to the outcome of a slower expansion in most sub-sectors while the moderation in manufacturing sector was due to the more modest performance in export-oriented industries. Growth in the mining sector was affected mainly by the lower production of natural gas. The construction sector also recorded lower growth, due to a moderation in real activity in the residential, non-residential and civil engineering sub-sectors. The agriculture sector turned around to record positive growth amid higher production of palm oil.

The Malaysian economy is expected to remain on a steady growth path, with domestic demand continuing to be the key driver of growth. Private consumption is expected to continue to adjust to the introduction of the GST, although wage growth and stable labour market conditions would provide support to household spending. Investment activity will be supported by capital spending in the manufacturing and services sectors, as well as for infrastructure projects. These developments will contribute towards offsetting the weaker performance of the external sector.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2015, Bank Negara Malaysia)

7.2 Overview and prospect of the Malaysian Construction Industry

Growth in the construction sector moderated to 5.6% in the second quarter (1Q 2015: 9.7%) following slower expansion in the residential, non-residential and civil engineering sub-sectors. The moderation in the residential sub-sector was attributable to lower construction activity in residential projects. Growth in the non-residential sub-sector was also slower, but was firm, supported by the construction of commercial, education and healthcare buildings. The civil engineering sub-sector expanded at a slower pace, reflecting the completion and near-completion of large transportation and utility projects. Growth in the special trade sub-sector was slightly stronger, underpinned by activity for earthworks, land clearing and land reclamation works.

(Source: Developments in Malaysia Economy in the Second Quarter of 2015, Bank Negara Malaysia)

Residential Property

The prime sub-sector saw a sustained market with a slight turnaround in market activity, moderate performance for the new launches, improved overhang situation as well as positive trend in the construction sector. Prices and rentals remained firm though signs of price moderating were seen in the All House Price Index.

There were 247,251 transactions worth RM82.06 billion recorded in the review period, up by 0.4% in volume and 13.9% in value. Residential continued to drive the national property market, accounting for 64.4% and 50.4% of the volume and value respectively. Selangor, Johor and Perak remained the three leading states in the residential segment, each with 24.6%, 15.8% and 11.0% market share. A mixed performance was seen across the states. Seven states recorded upward volume movements whilst nine states recorded otherwise. Selangor and Perak however recorded downward movements at 5.2% and 3.0% respectively. Johor and Pulau Pinang remained on positive track, up by 15.9% and 4.0% respectively. In terms of value, all states recorded upward movements with the exception of Labuan, Pahang and Kelantan.

Construction activities showed uptrend. Completions increased by 18.7% to 96,879 units, starts up by 6.8% to 155,667 units whilst new planned supply increased by 22.3% to 186,174 units. Most of the construction activities saw the interplay of major states namely Selangor, Johor, Pulau Pinang and Wilayah Persekutuan Kuala Lumpur (“WPKL”). Selangor led the completions with 18.1% share of the total. This was trailed by Johor and Pulau Pinang, each with 13.6% and 13.5% market share respectively. The trio also dominated starts, led by Johor (22.2%) and trailed by Selangor (20.6%) and Pulau Pinang (8.6%). Johor (27.6%) and Selangor (14.5%) again dominated new planned supply, followed by WPKL (12.6%). As at end 2014, there were 4.83 million existing residential units with nearly 0.76 million in the incoming supply and 0.65 million in the planned supply.

Commercial Property

The sub-sector performed moderately in 2014 on account of less favourable business and consumers’ sentiment. The country registered 35,528 transactions in 2014, up marginally by 3.6% compared to the same period last year. Value of transactions moved independently, down by 10.5% to record RM31.84 billion. States with higher market contributions were Selangor, Johor and WPKL, each with 23.7%, 16.3% and 13.4% market share respectively.

The three leading states namely WPKL, Selangor and Johor recorded double-digit growths in volume at 13.4%, 18.7% and 13.6% respectively whilst Pulau Pinang saw a moderate increase of 7.0%. On the contrary, Perak saw a decline in volume, down by 16.7%. Movements in value were more conservative. Three of the five leading states recorded downfall in value; Selangor down by a mere 1.0%, Johor -42.8% and Pulau Pinang -3.5%. Kuala Lumpur and Perak recorded a better performance, each up by 14.3% and 5.3% respectively.

The Malaysian economic growth was at 6.0% in 2014, higher than 4.7% registered in 2013. The positive growth in the economy supported the slight increase in the property sector, which grew at a marginal of 0.8% in market volume and 13.5% in market value. The cooling measures which resulted in the moderation of market activity in last two years have seen market corrections, which ensued the slight pick-up in market activity in 2014. Measures such as the imposition of higher Real Property Gains Tax to curb speculative activities and spiralling property prices have also shown positive signs, evident from the moderating increase in the Malaysian House Price Index over the last three years.

(Source: Press Release of the Malaysian Property Market 2014, Valuation and Property Services Department, Ministry of Finance 14 April 2015)

7.3 Prospects of our Group

In arriving at the prospects of our Group, our Board has taken into consideration the prevailing conditions and outlook of the Malaysian economy as well as the construction industry in Malaysia as discussed in Sections 7.1 and 7.2 of this AP.

7.3.1 Introduction

Our Group is backed by more than four (4) decades of impressive credentials in undertaking various projects, many of which are renowned and prestigious in the building and construction sectors, both locally and regionally.

LFE's strength and expertise lie in the provision of MEP, building and construction services and a competent and experienced team of professionals of diverse backgrounds that is committed and skillful workforce with a proven track record of on-time delivery without compromising on quality.

Our Group's completed projects and current projects stretch from Malaysia to the People's Republic of China; from Vietnam to the Philippines and the United Arab Emirates and Qatar.

With the objectives of minimising its risks of mainly relying on the MEP sector as well as for its long-term profitability and sustainability, our Group has started diversifying into the civil and structural, architectural and infrastructural sectors which collectively form the bigger pool of the construction industry. With its many years of experience in the construction industry, long-list of valued customers and present key personnel having experience in the building construction, our Group plans to aggressively seek and is confident of procuring a reasonable share from this larger pool or market.

With the announced 2015 budget of RM50.50 billion budget allocation for Development Expenditure, RM29.30 billion is allocated to the economic sector to support the needs of infrastructure, industrial, agricultural and rural development.

Based on the Malaysian Economic Second Quarter 2015 report released by the Ministry of Finance, the construction sector has moderated with a growth of 5.6%, on account of non-residential subsector eased to 11.6% (Q1 2015:17.4%) and residential subsector moderated to 4.5% (Q1 2015:15.3%) during the second quarter of 2015 mainly due to lower new projects in Selangor, Johor and Kuala Lumpur. However, the specialized construction activity subsector expanded at a faster pace of 6.3% (Q1 2015: 4.3%) underpinned by reclamation works in Johor as well as earthworks and land clearing in other states. Nevertheless, our Group is actively seeking for opportunities to participate in local projects and numerous high end residential properties from the private sector as well as large infrastructure projects available from the Public Enterprise under the Government's Economic Transformation Programme. Hence, our Group anticipates positive contributions from MEP, construction and property development divisions over the next four (4) financial years.

The Regularisation Plan intended by our Company including the Capital Reduction, Share Premium Reduction, Fund Raising, Debt Settlement and Amendments to the M&A will place our Group in a better and stronger financial platform with the necessary working capital to undertake various projects awarded or to be awarded by future clients.

7.3.2 Future plans of our Group

In order to enhance and ensure the long term profitability and sustainability of LFE, our Group's future plans are as follows:

(i) To grow existing business

LFE is keen to maintain and enhance its market share of MEP works in the construction industry in particular from its existing long term clients. In addition, our Group is also expecting to secure more contracts of civil and structural, architectural, interior design/decoration and infrastructural works in nature which will provide a higher contract value in the future and subsequently further enhance the existing order book.

(ii) Strategic partnership with new shareholders

Upon the completion of the Private Placement, Shapadu Capital will become one of the substantial shareholders of LFE. The principal activity of Shapadu Capital is investment holding. Shapadu Capital is 100% owned by Shapadu Corporation Sdn Bhd ("SPC") where its principal activities are investment holding and provision of management services, amongst others, is property development related business.

LFE will only have a strategic partnership with SPC upon the completion of the Private Placement. Currently, other than the award of jobs from SPC, there is no existing partnership between LFE and SPC. The strategic partnership with the new shareholders represent a strategic move on the part of LFE as it will provide a pathway for our Group and the new shareholders to work together to grow the business in the construction and property industry for mutual benefits.

New strategic partnerships with the new shareholders and well-known local joint venture partners will certainly provide the impetus for our Group to aggressively seek for reasonable market share of the whole construction industry by taking up bigger share of the works such as civil and structural, architectural, infrastructural works, interior design and decoration works in the high-end properties sector as well as procuring contracts of better margin in the public sector to ensure growth in profitability.

(iii) Balancing portfolio of contracts

To build the future portfolio of LFE's contracts through securing a mixed short term and long term contracts as it will increase the profit visibility of our Group over a long term period.

(iv) Capital management

To focus on management of capital structure that will enable it to support the profit growth through management of debt level, dividend payout policy and reinvestment strategy.

(v) Improving process and capacity building

To constantly enhance and upgrade the knowledge and skill of its staffs with the relevant development in the construction industry as well as to be well informed in the latest market development in both local and international market.

(vi) Filling up of strategic gap

Moving forward, our Group's future plan may diversify upstream into property development and the hospitality industries together with its strategic partners, expanding the business activities into related industries such as facilities and assets management (all of which are still in the planning stage) to meet the required target and to fill the strategic gap.

The following strategies are adopted by our Group to meet the required target on profitability and to realise its plan as follows:

(a) to move upstream to property development sector

Related to the construction sector, our Group is actively seeking for more business opportunities by moving upstream to property development sector with its strategic partners to secure for more contracts as well as to ensure a stream of constant supply of contracts and to gain better profit margin from the property development sector.

The strategic partnership with new shareholders to take up property development contracts can be effected within the current financial year as the strategic partners are currently in the business of property development and possess the skill, know-how, human resource, breadth and depth of experience needed to undertake various assignments.

(b) to diversify to hospitality industries

LFE was appointed as the Design and Build contractor for the upgrading and refurbishment of the existing podium block of the Campbell shopping complex at Jalan Dang Wangi.

With the upgrading and refurbishment of the existing podium block of the shopping complex at Jalan Dang Wangi, the building will see six (6) floors of office space being converted into a 153-room budget hotel by FYE 2016. Together with its strategic partners, the Group will diversify into the hospitality industry as a hotel operator by FYE 2016.

SPC has an existing hotel operation in London which indicates that the strategic partner has the operational capabilities, skills and knowledge in hotel operation and management.

Upon the completion of the redevelopment of the hotel property in London to a 300- room hotel of upper three-to-four star status with 150 serviced apartments, LFE will have the opportunities to venture into hotel operation and management together with SPC in London and our Group may take up the next assignment as a hotel operator in London.

The opportunities provided by SPC and the diversification to hospitality industry will enhance the profitability of the Group and ensure growth in profitability.

(c) to enter into new overseas market

The entering into new overseas market with its new strategic partners on construction activities, facilities and assets management and hospitality industry will provide our Group with additional revenue and profitability from new market through diversification process.

- (d) to move to facilities and assets management sector

The above facilities and assets management is referred to Property Maintenance and Management.

SPC has the following assets for property maintenance and management namely;

- (a) Campbell Shopping Complex and Tower Block in Jalan Dang Wangi, Kuala Lumpur.
- (b) 2M9 Putrajaya Project which is estimated to be completed in January 2019; and
- (c) Redevelopment of hotel property in London which is estimated to be completed in August 2019.

With the completion of upgrading and refurbishment of the existing podium block of a shopping complex at Jalan Dang Wangi, Kuala Lumpur by FYE 2016, the Group is anticipating to commence its facilities and assets management assignment together with its strategic partners in the mid of FYE 2016. This will provide an additional stream of revenue and profitability to our Group.

Following the completion of the construction of a mixed development, to be known as 2M9 Putrajaya Project at Precinct 2, Putrajaya which consists of Grade A office tower, a luxury hotel, lifestyle retail outlets and high-end residential apartments, our Group together with its strategic partners will undertake the next assignment of facilities and assets management, estimated in FYE 2019.

The anticipated third assignment on facilities and assets management will come on stream in the FYE 2020 as well, upon the completion of the projects on redevelopment of the hotel property in London to a 300-room hotel of upper three-to-four star status with 150 serviced apartments.

With the above projects, LFE will have the opportunities to venture into facilities and assets management sector. This will enhance the Group profit and provide long term sustainability for LFE.

Our Group's entrance into the above new service sector will bring in additional revenue and hence improve its profitability to the next level.

In light of the strong growth of the construction industry and property development sector of the Malaysian economy, our Group's future plans looks promising and good as strategic partnership with its new shareholders and other prestigious local strategic alliance or joint venture partners will certainly enhance our Group's book orders, revenue and profitability with sustainability, especially backed by experienced and committed team of skillful workforce, strength and competitive edge of the respective organisations. Since the FYE 31 July 2014 to the LPD, our Group has secured two (2) sizeable new projects for the construction of mixed development at Precinct 2, Putrajaya with the estimated contract value of RM350.00 million and the construction of a mixed development of hotel and serviced apartments in London with the estimated contract value of RM324.00 million.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The pro forma effects of the Rights Issue and other components of the Regularisation Plan on the share capital, NA, NA per share and gearing, earning and EPS, dividends, substantial shareholder's shareholding and convertible securities are set out below.

The Amendment to the M&A will not have any financial and shareholding effect to us.

Minimum Subscription Level : Minimum level of subscription for the Fund Raising based on the assumption that only the Undertaking Shareholders subscribe for the Rights Shares

Maximum Scenario : Assuming all the Entitled Shareholders subscribe in full for their entitlements under the Rights Issue

8.1 Share Capital

The pro forma effects of the Rights Issue and other components of the Regularisation Plan on the issued and paid-up share capital of our Company are set out below:

	Par value (RM)	Minimum Subscription Level		Maximum Scenario	
		No. of ordinary shares (‘000)	Ordinary shares (RM’000)	No. of ordinary shares (‘000)	Ordinary shares (RM’000)
Issued and paid-up share capital as at 31 July 2014	1.00	84,900	84,900	84,900	84,900
Capital Reduction	0.70	-	59,430	-	59,430
After the Capital Reduction	0.30	84,900	25,470	84,900	25,470
Rights Issue	0.30	16,667	5,000	42,450	12,735
After the Rights Issue	0.30	101,567	30,470	127,350	38,205
Private Placement	0.30	66,667	20,000	66,667	20,000
After the Private Placement	0.30	168,234	50,470	194,017	58,205
Issuance of shares of 35% of outstanding unsecured amount to the Scheme Creditors	0.30	11,197	3,359	11,197	3,359
Enlarged issued and paid-up share capital	0.30	179,431	53,829	205,214	61,564

Note:

The Share Premium Reduction has no effect on the issued and paid-up share capital of LFE.

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8.2 NA, NA per Share and gearing

The pro forma effects of the Rights Issue and other components of the Regularisation Plan on the NA, NA per share, gearing and EPS of our Group, based on the audited consolidated financial statements of LFE as at 31 July 2014, are as set out below:

Minimum Subscription Level

	Audited as at 31 July 2014	Subsequent events after LPD	(I) After the Capital Reduction	(II) After (I) and the Share Premium Reduction	(III) After (II) and the Rights Issue	(IV) After (III) and the Private Placement ^(a)	(V) After (IV) and the Debt Settlement ^(b)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	84,900	84,900	25,470	25,470	30,470	50,470	53,829
Share premium	5,218	5,218	5,218	-	-	-	-
Foreign exchange translation reserve	(873)	(873)	(873)	(873)	(873)	(873)	(873)
Accumulated losses	(78,418)	(78,418)	(18,988)	(13,770)	(14,770) ^(c)	(14,770)	(15,653) ^(d)
Shareholders' equity/ Net Assets	10,827	10,827	10,827	10,827	14,827	34,827	37,303
No. of shares ('000)	84,900	84,900	84,900	84,900	101,567	168,233	179,430
Par value per LFE Share (RM)	1.00	1.00	0.30	0.30	0.30	0.30	0.30
NA per share (RM)	0.13	0.13	0.13	0.13	0.15	0.21	0.21
EPS (sen) ^(d)	0.24	0.24	0.24	0.24	0.20	0.12	0.11
Total Borrowings	16,959	16,959	16,959	16,959	16,959	16,959	5,946 ^(e)
Gearing (times)	1.57	1.57	1.57	1.57	1.14	0.49	0.16

Notes:

(a) It is assumed that the Private Placement entails the issuance of 66,666,667 Placement Shares at an issue price of RM0.30 per Placement Share
 (b) It is assumed that LFE shall issue 11,197,117 new shares to the Bilateral Lenders at an issue price of RM0.30, which is equivalent to 35% of their respective outstanding unsecured amount as at 30 June 2012 as per the DRA and the Supplemental DRA

(c) The total estimated expenses in relation to the Regularisation Plan of approximately RM1.00 million is expected to be incurred and payable in Pro Forma III
 (d) EPS = Profit/(Loss) after tax for the financial period ended 31 July 2014

Total number of shares

(e) Due to the repayment of bank borrowings of approximately RM11,012,567 pursuant to the Regularisation Plan

(f) After deducting the interest on the 35% of the outstanding unsecured amount to the Bilateral Lenders amounting to RM0.38 million and an additional amount of RM0.50 million cash in lieu of warrants to Kerisma

Maximum Scenario

	Audited as at 31 July 2014	Subsequent events after LPD	(I) After the Capital Reduction	(II) After (I) and the Share Premium Reduction	(III) After (II) and the Rights Issue	(IV) After (III) and the Private Placement ^(a)	(V) After (IV) and the Debt Settlement ^(b)
	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	84,900	84,900	25,470	25,470	38,205	58,205	61,564
Share premium	5,218	5,218	5,218	-	-	-	-
Foreign exchange translation reserve	(873)	(873)	(873)	(873)	(873)	(873)	(873)
Accumulated losses	(78,418)	(78,418)	(18,988)	(13,770)	(14,770) ^(c)	(14,770)	(15,653) ^(f)
Shareholders' equity/ Net Assets	10,827	10,827	10,827	10,827	22,562	42,562	45,038
No. of shares ('000)	84,900	84,900	84,900	84,900	127,350	194,017	205,214
Par value per LFE Share (RM)	1.00	1.00	0.30	0.30	0.30	0.30	0.30
NA per share (RM)	0.13	0.13	0.13	0.13	0.18	0.22	0.22
EPS (sen) ^(d)	0.24	0.24	0.24	0.24	0.16	0.11	0.10
Total Borrowings	16,959	16,959	16,959	16,959	16,959	16,959	5,559 ^(e)
Gearing (times)	1.57	1.57	1.57	1.57	0.75	0.40	0.12

Notes:

- (a) It is assumed that the Private Placement entails the issuance of 66,666,667 Placement Shares at an issue price of RM0.30 per Placement Share
(b) It is assumed that LFE shall issue 11,197,117 new shares to the Bilateral Lenders at an issue price of RM0.30, which is equivalent to 35% of their respective outstanding unsecured amount as at 30 June 2012 as per the DRA and the Supplemental DRA
(c) The total estimated expenses in relation to the Regularisation Plan of approximately RM1.00 million is expected to be incurred and payable in Pro Forma III
(d) EPS = Profit/(Loss) after tax for the financial period ended 31 July 2014

Total number of shares

- (e) Due to the repayment of bank borrowings of approximately RM11,399,317 pursuant to the Regularisation Plan
(f) After deducting the interest on the 35% of the outstanding unsecured amount to the Bilateral Lenders amounting to RM0.38 million and an additional amount of RM0.50 million cash in lieu of warrants to Kerisima.

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8.3 Earnings and EPS

The Rights Issue is expected to contribute positively to the future earnings (and consequently the EPS) and put our Group back onto stronger financial footing. The net proceeds raised from the Rights Issue and Private Placement (after deducting the estimated expenses for the Regularisation Plan and repayment for loans obligation) are proposed to be utilised for working capital for our Group. This is expected to result in interest savings per annum of approximately RM1.00 million for Minimum Subscription Level and RM1.60 million for Maximum Scenario compared to financing the working capital of our Group with borrowing assuming an average interest rate of 7.6% per annum. In addition, with the injection of the fresh funds for the working capital available for existing projects and new projects, our Group's future earnings is expected to improve. However, our EPS may be diluted as a result of the increase in the number of shares in issue upon completion of the Rights Issue and other components of the Regularisation Plan.

8.4 Dividends

The Directors of LFE have not declared any dividend for the FYE 2014. The Directors of LFE do not intend to declare any dividend for FYE 2015.

8.5 Convertible Securities

As at the LPD, our Company does not have any convertible securities.

9. SUBSTANTIAL SHAREHOLDERS' UNDERTAKING AND MINIMUM SUBSCRIPTION LEVEL

The Rights Issue will be undertaken on a Minimum Subscription Level. Based on the Issue Price of the Rights Shares, our Company will raise minimum proceeds of approximately RM5.00 million for the Rights Issue.

In order to meet the Minimum Subscription Level, the Undertaking Shareholders have provided their Undertakings to subscribe for their own entitlements and Excess Rights Shares Application totaling 6,886,900 Rights Shares. In view of the Undertakings and Minimum Subscription Level, underwriting arrangement is not required for the Rights Issue. The 6,886,900 Rights Shares represents 16.22% of the maximum number of Rights Shares which may be issued pursuant to the Rights Issue.

In view thereof, the Undertaking Shareholders have given their respective Undertakings to subscribe in full for their own rights entitlement together with the Excess Rights Shares Application under the Rights Issue. The details of the Undertakings are as follows:

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Name	Direct shareholdings as at LPD		Entitlement of Rights Shares		Excess application of Rights Shares	
	No. of Shares	% of the issued and paid-up share capital ⁽¹⁾	No. of Shares	% of the total Rights Shares ⁽²⁾	No. of Shares	% of the total Rights Shares ⁽²⁾
Liew Kiam Woon	4,133,843	4.87	2,066,922	4.87	1,455,524	3.43
Liew Teow Woon	6,120,021	7.21	3,060,011	7.21	2,154,856	5.08
Liew Chee Woon	4,700,108	5.54	2,350,054	5.54	1,654,905	3.90
Liew Meow Nyeon Realty Sdn Berhad	4,605,562	5.42	2,302,781	5.42	1,621,615	3.82
Total	19,559,534	23.04	9,779,768	23.04	6,886,900	16.22

Notes:

⁽¹⁾ Based on the issued and paid-up share capital of 84,900,002 as at LPD

⁽²⁾ Based on the total number of 42,450,001 Rights Shares issued pursuant to the Rights Issue

Pursuant to the Undertakings, the Undertaking Shareholders have provided written confirmations that they have sufficient financial resources to subscribe in full of their entitlement and Excess Rights Shares Application under the Rights Issue and such confirmations have been verified by MIDF Investment, the Principal Adviser for the Regularisation Plan.

Our Company confirms that the Undertakings will not give rise to any consequences of mandatory general offer obligation pursuant to the Malaysian Code on Take-Overs and Mergers, 2010 immediately after the Rights Issue.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working Capital

Our Board is of the opinion that, after taking into account our cash flow generated from operations, banking facilities and financing options available as well as proceeds from the Rights Issue, the working capital available to our Group will be sufficient for a period of twelve (12) months from the date of issue of this AP.

10.2 Borrowings

As at the LPD, the total outstanding borrowings of our Group are approximately RM15.34 million. Save as disclosed below, we do not have any other borrowings (including foreign currency borrowings). All the borrowings are interest bearing and comprise the following:

	RM '000
<u>Short-term borrowings</u>	
Terms loans	8,467
Bank overdrafts	445
Revolving credits	626
	9,538

RM '000

Long-term borrowings

Terms loans	2,848
Bank overdrafts	1,416
Revolving credits	1,532
	<hr/>
	5,796
	<hr/>
Total borrowings	15,334
	<hr/> <hr/>

Our Board has confirmed that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings up to the LPD.

10.3 Contingent Liabilities

As at the LPD, our Board has confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which may have a material impact on the profits or NA value of our Group.

10.4 Material Commitments

As at the LPD, our Board has confirmed that there are no material commitments incurred or known to be incurred by our Group which may have a material impact on the profits or NA value of our Group.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this AP and the accompanying NPA and RSF enclosed herein.

12. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors
LFE CORPORATION BERHAD



LIEW KIAM WOON
Managing Director

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 10 SEPTEMBER 2015

LFE CORPORATION BERHAD

(Company No. 579343-A)

(Incorporated in Malaysia)

Certified Extract of the Minutes of the Extraordinary General Meeting of the Company held on 10 September 2015

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 42,450,001 NEW ORDINARY SHARES OF RM0.30 EACH (“RIGHTS SHARES”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) LFE ORDINARY SHARES OF RM0.30 EACH (“LFE SHARES”) HELD AFTER THE COMPLETION OF THE PROPOSED CAPITAL REDUCTION AND PROPOSED SHARE PREMIUM REDUCTION, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“ENTITLEMENT DATE”) (“PROPOSED RIGHTS ISSUE”)

It is hereby **RESOLVED**:-

THAT, subject to and conditional upon passing of Special Resolutions 1, 2 and 3 and Ordinary Resolutions 2 and 3 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Directors of the Company (“Directors”) to:

- (i) provisionally allot and issue by way of renounceable rights issue of up to 42,450,001 Rights Shares on the basis of one (1) Rights Share for every two (2) LFE Shares held at an Entitlement Date to be determined later by the Board (“Entitlement Date”) to be offered to the Shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date;
- (ii) deal with any fractional entitlements under the Proposed Rights Issue arising from any reason whatsoever as the Directors may at its absolute discretion deem fit and expedient and in the best interest of the Company to minimise the incidence of odd lots to the shareholders;
- (iii) deal with the excess Rights Shares not subscribed by the other entitled shareholders in the manner as detailed in Section 2.3.5 of the Circular; and
- (iv) utilise the proceeds to be derived from the Proposed Rights Issue in the manner set out in Section 4 of the Circular and the Directors of the Company be and are hereby authorised to revise the manner and purpose of the utilisation of proceeds as they deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities.

THAT any Rights Shares which are not validly taken up or which are not allotted for any reasons whatsoever shall be made available for excess applications in such manner as the Directors of the Company shall determine in a fair and equitable manner;

THAT any fractional entitlement under the Proposed Rights Issue will be disregarded and dealt in such manner as the Directors of the Company shall in its absolute discretion deem fit or think expedient or in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue will be utilised for the purposes as set out in Section 4 of the Circular to Shareholders of the Company dated 19 August 2015 and the Directors of the Company be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors of the Company may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

LFE CORPORATION BERHAD

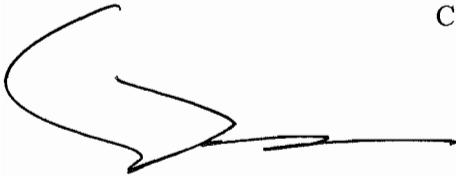
(Company No. 579394-A)

Extract Minutes of the Extraordinary General Meeting held on 10 September 2015 (Cont'd)

THAT the Rights Shares shall, upon allotment and issue rank *pari passu* in all respects with the then existing ordinary shares of RM0.30 each in LFE, save and except that the Rights Issue will not be entitled to any dividends, rights, allotments and/or distributions which may be declared, made or paid prior to the date of allotment of the Rights Shares;

AND THAT any Executive Director be and is hereby authorised to do all acts and things as he may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, modifications, variations and/or amendments and to take all steps to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Rights Issue.

CERTIFIED AS TRUE COPY BY:



.....
LIEW KIAM WOON
Director



.....
WONG YOUN KIM
(MAICSA 7018778)
Company Secretary

BACKGROUND INFORMATION OF OUR GROUP**1. HISTORY AND PRINCIPAL ACTIVITIES**

LFE was incorporated in Malaysia as a public company under the Act on 8 May 2002 under the name of LFE Corporation Berhad. It was listed on Main Board (now known as Main Market) of Bursa Securities on 27 October 2003.

The principal activities of our Company is investment holding. The principal activities of our subsidiaries are disclosed in Section 6 below.

2. SHARE CAPITAL

The authorised, issued and fully paid-up share capital of our Group as at the LPD is as follows:

	No. of LFE shares	Par value RM	Total RM
Authorised share capital			
Ordinary shares	333,333,333	0.30	100,000,000
Issued and fully paid-up share capital			
Ordinary shares	84,900,002	0.30	25,470,000.60

3. CHANGES IN THE ISSUED AND PAID-UP SHARE CAPITAL SINCE DATE OF INCORPORATION

The details of the changes in the issued and fully paid-up share capital of our Group since incorporation up to the LPD are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Type of issue / Consideration	Cumulative issued and paid-up share capital RM
8 May 2002	2	1.00	Cash	2
3 September 2003	31,988,303	1.00	Otherwise than cash	31,988,305
3 September 2003	5,401,420	1.00	Otherwise than cash	37,389,725
4 September 2003	6,610,277	1.00	Cash	44,000,002
17 October 2003	8,000,000	1.00	Cash	52,000,002
28 September 2006	5,200,000	1.00	Cash	57,200,002
30 December 2006	10,000,000	1.00	Cash	67,200,002
27 January 2007	5,000,000	1.00	Cash	72,200,002
19 December 2007	12,700,000	1.00	Cash	84,900,002

The above does not take into account the Capital Reduction that was undertaken by the Company which was completed on 5 October 2015. Upon the completion of the Capital Reduction, the issued and paid-up capital has been reduced to RM25,470,000.60

4. SUBSTANTIAL SHAREHOLDERS

The pro forma effects of the Regularisation Plan on our substantial shareholders' shareholdings, based on our Record of Substantial Shareholders as at the LPD are as follows:

Minimum Subscription Level

	As at the LPD						(I) After the Capital Reduction						(II) After the (I) and the Share Premium Reduction					
	Direct		Indirect		%		Direct		Indirect		%		Direct		Indirect		%	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	4,133,843	4.87	4,605,562 ^(a)	5.42	4,133,843	4.87	4,605,562 ^(a)	5.42	4,133,843	4.87	4,605,562 ^(a)	5.42	4,133,843	4.87	4,605,562 ^(a)	5.42	4,605,562 ^(a)	5.42
Liew Teow Woon	6,120,021	7.21	4,605,562 ^(a)	5.42	6,120,021	7.21	4,605,562 ^(a)	5.42	6,120,021	7.21	4,605,562 ^(a)	5.42	6,120,021	7.21	4,605,562 ^(a)	5.42	4,605,562 ^(a)	5.42
Alan Rajendram A/L Jeya Rajendram	6,534,000	7.70	-	-	6,534,000	7.70	-	-	6,534,000	7.70	-	-	6,534,000	7.70	-	-	-	-
Liew Chee Woon	4,700,108	5.54	4,605,562 ^(a)	5.42	4,700,108	5.54	4,605,562 ^(a)	5.42	4,700,108	5.54	4,605,562 ^(a)	5.42	4,700,108	5.54	4,605,562 ^(a)	5.42	4,605,562 ^(a)	5.42
Liew Meow Nyeen Realty Sdn Berhad	4,605,562	5.42	-	-	4,605,562	5.42	-	-	4,605,562	5.42	-	-	4,605,562	5.42	-	-	-	-
Shapadu Capital ^(#)	2,451,500	2.89	-	-	2,451,500	2.89	-	-	2,451,500	2.89	-	-	2,451,500	2.89	-	-	-	-
SPC	-	-	2,451,500 ^(b)	2.89	-	-	2,451,500 ^(b)	2.89	-	-	2,451,500 ^(b)	2.89	-	-	2,451,500 ^(b)	2.89	-	-
Late Dato' Shahrani Bin Abdullah	-	-	2,451,500 ^(c)	2.89	-	-	2,451,500 ^(c)	2.89	-	-	2,451,500 ^(c)	2.89	-	-	2,451,500 ^(c)	2.89	-	-
Shafiz Bin Shahrani	-	-	2,451,500 ^(d)	2.89	-	-	2,451,500 ^(d)	2.89	-	-	2,451,500 ^(d)	2.89	-	-	2,451,500 ^(d)	2.89	-	-
Shazakami Corporation Sdn Bhd	-	-	2,451,500 ^(e)	2.89	-	-	2,451,500 ^(e)	2.89	-	-	2,451,500 ^(e)	2.89	-	-	2,451,500 ^(e)	2.89	-	-
Daisy Bliss ^(#)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Zulkiflee Bin Shafie	2,128,700	2.51	-	-	2,128,700	2.51	-	-	2,128,700	2.51	-	-	2,128,700	2.51	-	-	-	-
Sharizan Binti Shafie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	(III) After (II) and the Rights Issue				(IV) After (III) and the Private Placement (*)				(V) After (IV) and the Debt Settlement (C)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	7,656,288	7.54	8,529,958 ^(a)	8.40	7,656,288	4.55	8,529,958 ^(a)	5.07	7,656,288	4.27	8,529,958 ^(a)	4.75
Liew Teow Woon	11,334,887	11.16	8,529,958 ^(a)	8.40	11,334,887	6.74	8,529,958 ^(a)	5.07	11,334,887	6.32	8,529,958 ^(a)	4.75
Alan Rajendram Rajendram	6,534,000	6.43	-	-	6,534,000	3.88	-	-	6,534,000	3.64	-	-
Liew Chee Woon	8,705,067	8.57	8,529,958 ^(a)	8.40	8,705,067	5.17	8,529,958 ^(a)	5.07	8,705,067	4.85	8,529,958 ^(a)	4.75
Liew Meow Nyeon Realty Sdn Berhad	8,529,958	8.40	-	-	8,529,958	5.07	-	-	8,529,958	4.75	-	-
Shapadu Capital ^(#)	2,451,500	2.41	-	-	57,451,500	34.15	-	-	57,451,500	32.02	-	-
SPC	-	-	2,451,500 ^(b)	2.41	-	-	57,451,500 ^(b)	34.15	-	-	57,451,500 ^(b)	32.02
Late Dato' Shahrani Bin Abdulllah	-	-	2,451,500 ^(c)	2.41	-	-	57,451,500 ^(c)	34.15	-	-	57,451,500 ^(c)	32.02
Shafiz Bin Shahrani	-	-	2,451,500 ^(d)	2.41	-	-	57,451,500 ^(d)	34.15	-	-	57,451,500 ^(d)	32.02
Shazakami Corporation Sdn Bhd	-	-	2,451,500 ^(e)	2.41	-	-	57,451,500 ^(e)	34.15	-	-	57,451,500 ^(e)	32.02
Daisy Bliss ^(#)	-	-	-	-	11,666,667	6.93	-	-	11,666,667	6.50	-	-
Mohd Zulkiflee Bin Shafie	2,128,700	2.10	-	-	2,128,700	1.27	11,666,667 ^(f)	6.93	2,128,700	1.19	11,666,667 ^(f)	6.50
Sharizan Binti Shafie	-	-	-	-	-	-	11,666,667 ^(g)	6.93	-	-	11,666,667 ^(g)	6.50

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Notes:

- (*) *It is assumed that the Private Placement entails the issuance of 66,666,667 Placement Shares at an issue price of RM0.30 per Placement Share*
- (*) *It is assumed that LFE shall issue 11,197,117 new shares to the Bilateral Lenders at an issue price of RM0.30, which is equivalent to 35% of their respective outstanding unsecured amount as at 30 June 2012 as per the DRA and the Supplemental DRA*
- (*) *Identified placees for the Private Placement*
- (a) *Deemed interested by virtue of their shareholdings in Liew Meow Nyeon Realty Sdn Bhd pursuant to Section 6A of the Act*
- (b) *Deemed interested by virtue of its shareholding in the wholly-owned subsidiary of Shapachu Capital pursuant to Section 6A of the Act*
- (c) *Deemed interested by virtue of his shareholding in SPC and Shazakami Corporation Sdn Bhd pursuant to Section 6A of the Act*
- (d) *Deemed interested by virtue of his shareholding in SPC and Shazakami Corporation Sdn Bhd pursuant to Section 6A of the Act*
- (e) *Deemed interested by virtue of its shareholding in SPC pursuant to Section 6A of the Act*
- (f) *Deemed interested by virtue of his shareholding in Daisy Bliss pursuant to Section 6A of the Act*
- (g) *Deemed interested by virtue of her shareholding in Daisy Bliss pursuant to Section 6A of the Act*

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Maximum Scenario

	As at the LPD				(I) After the Capital Reduction				(II) After the (I) and the Share Premium Reduction			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	4,133,843	4.87	4,605,562 ^(a)	5.42	4,133,843	4.87	4,605,562 ^(a)	5.42	4,133,843	4.87	4,605,562 ^(a)	5.42
Liew Teow Woon	6,120,021	7.21	4,605,562 ^(a)	5.42	6,120,021	7.21	4,605,562 ^(a)	5.42	6,120,021	7.21	4,605,562 ^(a)	5.42
Alan Rajendram A/L Jeya Rajendram	6,534,000	7.70	-	-	6,534,000	7.70	-	-	6,534,000	7.70	-	-
Liew Chee Woon	4,700,108	5.54	4,605,562 ^(a)	5.42	4,700,108	5.54	4,605,562 ^(a)	5.42	4,700,108	5.54	4,605,562 ^(a)	5.42
Liew Meow Nyeon Realty Sdn Berhad	4,605,562	5.42	-	-	4,605,562	5.42	-	-	4,605,562	5.42	-	-
Shapadu Capital ^(#)	2,451,500	2.89	-	-	2,451,500	2.89	-	-	2,451,500	2.89	-	-
SPC	-	-	2,451,500 ^(b)	2.89	-	-	2,451,500 ^(b)	2.89	-	-	2,451,500 ^(b)	2.89
Late Dato' Shahrani Bin Abdullah	-	-	2,451,500 ^(c)	2.89	-	-	2,451,500 ^(c)	2.89	-	-	2,451,500 ^(c)	2.89
Shafiz Bin Shahrani	-	-	2,451,500 ^(d)	2.89	-	-	2,451,500 ^(d)	2.89	-	-	2,451,500 ^(d)	2.89
Shazakami Corporation Sdn Bhd	-	-	2,451,500 ^(e)	2.89	-	-	2,451,500 ^(e)	2.89	-	-	2,451,500 ^(e)	2.89
Daisy Bliss ^(#)	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Zulkiflee Bin Shafie	2,128,700	2.51	-	-	2,128,700	2.51	-	-	2,128,700	2.51	-	-
Sharizan Binti Shafie	-	-	-	-	-	-	-	-	-	-	-	-

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	(III) After (II) and the Rights Issue				(IV) After (III) and the Private Placement (*)				(V) After (IV) and the Debt Settlement (*)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	6,200,765	4.87	6,908,343 ^(a)	5.42	6,200,765	3.20	6,908,343 ^(a)	3.56	6,200,765	3.02	6,908,343 ^(a)	3.37
Liew Teow Woon	9,180,032	7.21	6,908,343 ^(a)	5.42	9,180,032	4.73	6,908,343 ^(a)	3.56	9,180,032	4.47	6,908,343 ^(a)	3.37
Alan Rajendram A/L Jeya Rajendram	9,801,000	7.70	-	-	9,801,000	5.05	-	-	9,801,000	4.78	-	-
Liew Chee Woon	7,050,162	5.54	6,908,343 ^(a)	5.42	7,050,162	3.63	6,908,343 ^(a)	3.56	7,050,162	3.44	6,908,343 ^(a)	3.37
Liew Meow Nyeen Realty Sdn Berhad	6,908,343	5.42	-	-	6,908,343	3.56	-	-	6,908,343	3.37	-	-
Shapadu Capital ^(#)	3,677,250	2.89	-	-	58,677,250	30.24	-	-	58,677,250	28.59	-	-
SPC	-	-	3,677,250 ^(b)	2.89	-	-	58,677,250 ^(b)	30.24	-	-	58,677,250 ^(b)	28.59
Late Dato' Shahrani Bin Abdulllah	-	-	3,677,250 ^(c)	2.89	-	-	58,677,250 ^(c)	30.24	-	-	58,677,250 ^(c)	28.59
Shafiz Bin Shahrani	-	-	3,677,250 ^(d)	2.89	-	-	58,677,250 ^(d)	30.24	-	-	58,677,250 ^(d)	28.59
Shazakami Corporation Sdn Bhd	-	-	3,677,250 ^(e)	2.89	-	-	58,677,250 ^(e)	30.24	-	-	58,677,250 ^(e)	28.59
Daisy Bliss ^(#)	-	-	-	-	11,666,667	6.01	-	-	11,666,667	5.69	-	-
Mohd Zulkiflee Bin Shafie	3,193,050	2.51	-	-	3,193,050	1.65	11,666,667 ^(f)	6.01	3,193,050	1.56	11,666,667 ^(f)	5.69
Sharizan Binti Shafie	-	-	-	-	-	-	11,666,667 ^(g)	6.01	-	-	11,666,667 ^(g)	5.69

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Notes:

- (*) *It is assumed that the Private Placement entails the issuance of 66,666,667 Placement Shares at an issue price of RM0.30 per Placement Share*
- (*) *It is assumed that LFE shall issue 11,197,117 new shares to the Bilateral Lenders at an issue price of RM0.30, which is equivalent to 35% of their respective outstanding unsecured amount as at 30 June 2012 as per the DRA and the Supplemental DRA*
- (*) *Identified placees for the Private Placement*
- (a) *Deemed interested by virtue of their shareholdings in Liew Meow Nyean Realty Sdn Bhd pursuant to Section 6A of the Act*
- (b) *Deemed interested by virtue of its shareholding in the wholly-owned subsidiary of Shopadu Capital pursuant to Section 6A of the Act*
- (c) *Deemed interested by virtue of his shareholding in SPC and Shazakami Corporation Sdn Bhd pursuant to Section 6A of the Act*
- (d) *Deemed interested by virtue of his shareholding in SPC and Shazakami Corporation Sdn Bhd pursuant to Section 6A of the Act*
- (e) *Deemed interested by virtue of its shareholding in SPC pursuant to Section 6A of the Act*
- (f) *Deemed interested by virtue of his shareholding in Daisy Bliss pursuant to Section 6A of the Act*
- (g) *Deemed interested by virtue of her shareholding in Daisy Bliss pursuant to Section 6A of the Act*

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5. DIRECTORS

5.1 Director's shareholdings

The pro forma effects of the Regularisation Plan on our director's shareholdings, based on our Record of Directors' shareholders as at the LPD are as follows:

	As at the 25 November 2014						(I)						(II)					
	Direct			Indirect			After the Capital Reduction			After the (I) and the Share Premium Reduction			Direct			Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	4,133,843	4.87	4,605,562*	5.42	4,133,843	4.87	4,605,562*	5.42	4,133,843	4.87	4,605,562*	5.42	4,133,843	4.87	4,605,562*	5.42	-	-
Kok Tong Yong	25,000	0.03	-	-	25,000	0.03	-	-	25,000	0.03	-	-	25,000	0.03	-	-	-	-
Juliana Quah Kooi Hong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
David Low Teck Wee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loo Thin Tuck	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YM Tunku Azlan Bin Tunku Aziz	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	(III)				(IV)				(V)					
	After (II) and the Rights Issue		After (III) and the Private Placement ^(a)		After (IV) and the Debt Settlement ^(b)		After (III) and the Rights Issue		After (IV) and the Private Placement ^(a)		After (IV) and the Debt Settlement ^(b)			
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect		
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Liew Kiam Woon	7,656,288	7.54	8,529,958*	8.40	7,656,288	4.55	8,529,958*	5.07	7,656,288	4.27	8,529,958*	4.75	-	-
Kok Tong Yong	25,000	0.03	-	-	25,000	0.03	-	-	25,000	0.03	-	-	-	-
Juliana Quah Kooi Hong	-	-	-	-	-	-	-	-	-	-	-	-	-	-
David Low Teck Wee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loo Thin Tuck	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YM Tunku Azlan Bin Tunku Aziz	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

* Deemed interested pursuant to Section 64 of the Act

^(a) It is assumed that the Private Placement entails the issuance of 66,666,667 Placement Shares at an issue price of RM0.30 per Placement Share

^(b) It is assumed that LFE shall issue 11,197,117 new shares to the Bilateral Lenders at an issue price of RM0.30, which is equivalent to 35% of their respective outstanding unsecured amount as at 30 June 2012 as per the DRA and the Supplemental DRA

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Maximum Scenario

	As at the 25 November 2014				(I) After the Capital Reduction				(II) After the (I) and the Share Premium Reduction			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	4,133,843	4.87	4,605,562*	5.42	4,133,843	4.87	4,605,562*	5.42	4,133,843	4.87	4,605,562*	5.42
Kok Tong Yong	25,000	0.03	-	-	25,000	0.03	-	-	25,000	0.03	-	-
Juliana Quah Kooi Hong	-	-	-	-	-	-	-	-	-	-	-	-
David Low Teck Wee	-	-	-	-	-	-	-	-	-	-	-	-
Loo Thin Tuck	-	-	-	-	-	-	-	-	-	-	-	-
YM Tunku Azlan Bin Tunku Aziz	-	-	-	-	-	-	-	-	-	-	-	-

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	(III) After (II) and the Rights Issue				(IV) After (III) and the Private Placement ^(a)				(V) After (IV) and the Debt Settlement ^(b)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kiam Woon	6,200,765	4.87	6,908,343*	5.42	6,200,765	3.20	6,908,343*	3.56	6,200,765	3.02	6,908,343*	3.37
Kok Tong Yong	25,000	0.03	-	-	25,000	0.03	-	-	25,000	0.03	-	-
Juliana Quah Kooi Hong	-	-	-	-	-	-	-	-	-	-	-	-
David Low Teck Wee	-	-	-	-	-	-	-	-	-	-	-	-
Loo Thin Tuck	-	-	-	-	-	-	-	-	-	-	-	-
YM Tunku Azlan Bin Tunku Aziz	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

* Deemed interested pursuant to Section 6A of the Act

^(a) It is assumed that the Private Placement entails the issuance of 66,666,667 million Placement Shares at an issue price of RM0.30 per Placement Share

^(b) It is assumed that LFE shall issue 11,197,117 new shares to the Bilateral Lenders at an issue price of RM0.30, which is equivalent to 35% of their respective outstanding unsecured amount as at 30 June 2012 as per the DR4 and Supplemental DR4

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5.2 Details of our Directors

Name/ (Designation)	Age	Nationality	Occupation	Address
Liew Kiam Woon (Managing Director)	52	Malaysian	Company Director	No.5, Jalan Batai Damansara Heights 50490, Kuala Lumpur
Kok Tong Yong (Executive Director)	59	Malaysian	Company Director	No. 61, Jalan Camar 4/15 PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan
Juliana Quah Kooi Hong (Executive Director)	46	Malaysian	Company Director	No. 3, Jalan SL 8/2 Bandar Sungai Long 43000 Kajang Selangor Darul Ehsan
David Low Teck Wee (Senior Independent Non-Executive Director)	44	Malaysian	Company Director	No. 19, Jalan 20/2 46300 Petaling Jaya Selangor Darul Ehsan
Loo Thin Tuck (Independent Non-Executive Director)	50	Malaysian	Company Director	No. 21, Regat Bekor 5 Taman Pertama 30100 Ipoh Perak Darul Ridzuan
YM Tunku Azlan Bin Tunku Aziz (Independent Non-Executive Director)	47	Malaysian	Company Director	3-8-6, The Residence Condominium Jalan Wan Kadir 5 Taman Tun Dr Ismail 60000 Kuala Lumpur

6. SUBSIDIARY COMPANIES

As at the LPD, the subsidiary companies of our Group are as follows:

Name of Company	Place/ Date of incorporation	Principal activities	Effective interest (%)	Issued and paid-up share capital
<u>Direct holding:</u>				
LFE Engineering Sdn Bhd	Malaysia/ 31 December 1975	Provision of general and specialised electrical and mechanical engineering services and maintenance works	100	RM36,845,000
LFE Builder Sdn Bhd	Malaysia/ 31 March 1990	Property investment	100	RM100,000
Lynex Construction Sdn Bhd	Malaysia/ 22 February 2008	General contractors	100	RM100,000
LFE International Limited ^{(a)/(b)}	British Virgin Islands/ 25 July 1995	Distribution of consumer electronics products	100	USD1,000

Name of Company	Place/ Date of incorporation	Principal activities	Effective interest (%)	Issued and paid-up share capital
Teratai Megah Sdn Bhd	Malaysia/ 8 December 1992	Building and general contractors	100	RM750,003
LFE Technology Sdn Bhd ^(c)	Malaysia/ 22 May 2001	Provision of specialised engineering services for extra low voltage electrical systems and instrumental and control systems for intelligent transportation systems applications such as expressway traffic management systems, tunnel plant and traffic management systems and automatic cash transfer systems	100	RM50,000

Indirect holding:

Subsidiary companies of LFE Engineering Sdn Bhd:

LFE Engineering (JB) Sdn Bhd	Malaysia/ 24 August 1994	Provision of general and specialised electrical and mechanical engineering services and maintenance works	100	RM50,000
LFE Engineering (Vietnam) Company Limited ^(d)	Socialist Republic of Vietnam/ 9 September 2005	Technical design and provision of consultancy services for design, implementation and contracting of mechanical and electrical engineering services	100	USD300,000

Notes:

- ^(a) Companies not required to be audited in its country of incorporation.
- ^(b) A non-statutory audit of financial statements was carried out by Morison Anuarul Azizan Chew for the purpose of consolidation.
- ^(c) On 31 January 2012, the Company acquired the entire equity interest in LFE Technology Sdn Bhd, formerly an indirect subsidiary company with 60% indirect equity interest.
- ^(d) Companies not audited by Morison Anuarul Azizan Chew.

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7. FINANCIAL DATA

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to FYE 31 July 2014 and unaudited financial statement for FYE 31 July 2015:

	← Audited →			Unaudited FYE 31 July 2015 RM'000
	FYE 31 July 2012 RM'000	FYE 31 July 2013 RM'000	FYE 31 July 2014 RM'000	
Revenue	25,582	72,528	32,089	28,024
Cost of sales	(25,705)	(53,747)	(25,171)	(23,357)
GP/gross loss	(123)	18,781	6,918	4,667
Other income	991	3,936	840	2,430
Exceptional item	(26,506)	-	-	-
Administrative expenses	(3,894)	(3,624)	(4,216)	(3,957)
Other operating expenses	(859)	(2,051)	(295)	(181)
Finance cost	(2,658)	(3,126)	(2,887)	(2,079)
	(33,049)	13,916	360	880
Share of result of associate companies	(68)	(11)	(8)	19
Profit/ (Loss) before tax	(33,117)	13,905	352	899
Income tax expense	(13)	(469)	(154)	(20)
Profit/ (Loss) for the year	(33,130)	13,436	198	879
Other comprehensive (loss)/ income:				
Exchange differences arising from translation of foreign operations	790	325	(486)	3,383
Total comprehensive (loss)/income	(32,340)	13,761	(288)	4,262
EBITDA and exceptional items	(3,550)	17,322	3,338	3,051
Gross profit margin (%) ⁽¹⁾	-	25.89	21.56	16.65
PAT margin (%) ⁽²⁾	-	18.53	0.62	3.14
Number of Shares in issue	84,900	84,900	84,900	84,900
EPS (sen) ⁽³⁾				
- Basic (sen)	(39.02)	15.82	0.23	1.04
- Diluted (sen)	N/A	15.82	0.23	1.04
Dividend per share, net of tax (sen)	-	-	-	-

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Notes:

- (1) *Gross profit margin for the financial year is calculated by dividing the gross profit for the financial year by the revenue for the financial year.*
- (2) *Net profit margin for the financial year is calculated by dividing the PAT for the financial year by the revenue for the financial year.*
- (3) *EPS for the financial year is calculated by dividing the PAT for the financial year by the weighted average number of ordinary shares during the financial year.*

N/A *Not available*

Financial commentaries:

FYE 31 July 2012

For the FYE 31 July 2012, the Group recorded a LAT of RM33.13 million (FYE 2011: PAT RM1.47 million) on a much lower Group revenue of RM25.58 million (FYE 2010: RM83.85 million). The higher losses were mainly due to the impairment loss of RM26.50 million on non-recoverability of amount owing by a former director.

In FYE 31 July 2012, the Group disposed off two (2) subsidiaries located in Shanghai and Malaysia which had contributed to the decline in revenue of approximately RM28.27 million, coupled with the revenue declined in Abu Dhabi projects amounting to approximately RM30.00 million. As a result, the Group recorded a decline in revenue of RM58.27 million in FYE 31 July 2012.

FYE 31 July 2013

For the FYE 31 July 2013, our Group recorded a PAT of RM13.44 million (FYE 2012: LAT RM33.13 million) on a much higher Group revenue of RM72.53 million (FYE 2012 : RM25.58 million). The higher revenue and profit were mainly due to the recognition of revenue on the certification of work done for its overseas projects, reversal of provisional costs taken up in earlier years upon the finalization of work done by its contractors and the lower effective taxation rate as a result of utilisation of unabsorbed business loss brought forward.

FYE 31 July 2014

For the FYE 31 July 2014, the Group recorded a PAT of RM0.20 million (FYE 2013: PAT of RM13.44 million) and overall GP margin of 21.56% against overall GP margin of 25.89% for the FYE 2013.

All the revenue are generated from projects in Malaysia for the current financial year. As some of the projects are in their final stage of construction activities and hence certain provisional costs which were taken up in earlier years were revised to actual and hence contributed to higher overall GP margin of 21.56%, this is above the local industrial norm of 10.00%.

The decrease in revenue was due to the completion of certain projects in the prior year from Middle East and Johor Bahru, Malaysia. Revenue recognition from new projects was minimal in the FYE 2014 as these projects were at their very initial stage. The current year's revenue was solely contributed from the construction, mechanical and electrical and plumbing segments, the Group's core business and industry.

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FYE 31 July 2015

For the FYE 31 July 2015, the Group recorded a PAT of RM0.88 million (FYE 2014: PAT of RM0.20 million) and overall GP margin of 16.65 % against overall GP margin of 21.56% for the FYE 2014.

The higher GP margin was mainly due to the recognition of revenue on final certification of work done for certain local projects with no further cost incurred and hence contributed to a better profit margin as compare to the local industrial norm of 10.00%.

Revenue recorded for FYE 31 July 2015 was RM28.02 million (FYE 2014: RM32.09 million), solely generated from projects in Malaysia in the M&E Division. The revenue was generated from few significant projects, namely Ponderosa Lakeside Apartments, Ponderosa Wood Phase I & II, and Molek Pine Tower in Johor Bahru, the project on two (2) storey terrace house in Kerteh, Terengganu and refurbishment of a shopping complex in Kuala Lumpur. The commencement of work at site for the refurbishment of a shopping complex in Kuala Lumpur has been slightly delayed due to the alteration of design and hence its revenue recognition is about 20% for FYE 31 July 2015 whereas the commencement of works at sites for the construction of mixed development projects in Putrajaya and London have been re-scheduled to FYE 2016.

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8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of LFE Shares traded on Bursa Securities for the past twelve (12) months preceding the date of the AP are as follows:

	High	Low
	RM	RM
2014		
October	0.16	0.14
November	0.16	0.14
December	0.17	0.14
2015		
January	0.18	0.15
February	0.17	0.15
March	0.20	0.12
April	0.21	0.17
May	0.27	0.17
June	0.22	0.19
July	0.27	0.19
August	0.26	0.21
September	0.28	0.23

Last transacted market price of LFE Shares on 27 September 2013, being the day prior to the date of announcement of the Rights Issue RM0.25

Last transacted market price of LFE Shares on 7 October 2015, being the latest practicable date prior to the issuance of this AP RM0.27

Last transacted market price of LFE Shares on 23 October 2015, being the last trading day prior to the ex-date for the Rights Issue RM0.27

(Source: Bloomberg)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants

18 Jalan Pinggir 1/64, Jalan Kolam Air
Off Jalan Sultan Azlan Shah (Jalan Ipoh)
51200 Kuala Lumpur, Malaysia

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E general@morisonaac.com
W www.morisonaac.com

Date: 9 October 2015

The Board of Directors
LFE CORPORATION BERHAD
Lot 43117
Off Jalan Balakong
43300 Balakong
Seri Kembangan, Selangor
Malaysia

Dear Sirs,

**LFE CORPORATION BERHAD (“LFE” or the “Company”)
REPORTING ACCOUNTANTS’ LETTER ON THE COMPILATION OF PRO FORMA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN THE
ABRIDGED PROSPECTUS TO SHAREHOLDERS OF LFE**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of LFE and its subsidiaries (collectively referred to as the “Group”) as at 31 July 2014, together with the accompanying notes thereto. The pro forma consolidated statements of financial position, as set out in Appendix A of this letter (which we have stamped for the purpose of identification), have been compiled by the Board of Directors for the inclusion in the Abridged Prospectus to Shareholders of LFE in relation to renounceable rights issue of up to 42,450,001 new ordinary shares of RM0.30 each in LFE (“Rights Share(s)”) on the basis of one (1) Rights Share for every two (2) LFE shares of RM0.30 each in LFE, at an issue price of RM0.30 per Rights Share (“Rights Issue”).

The pro forma consolidated statements of financial position have been compiled by the Board of Directors to illustrate the impact of the Regularisation Plan (as defined in the Note 2 of the notes to pro forma consolidated statements of financial position as at 31 July 2014), as set out in Note 1 to 4 of the pro forma consolidated statements of financial position, on the Group’s financial position as at 31 July 2014.

As part of this process, information about the Group’s financial position has been extracted by the Board of Directors from the Group’s audited consolidated financial statements for the financial year ended 31 July 2014, on which the audited report was dated 13 November 2014.

Directors’ responsibilities for the pro forma consolidated statements of financial position

The Board of Directors of LFE is solely responsible for compiling the pro forma consolidated statements of financial position on the basis set out in Note 1 to 4 of the pro forma consolidated statements of financial position.

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Your Partners In Success

LFE CORPORATION BERHAD

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Our responsibilities

Our responsibility is to express an opinion, as required by Bursa Securities Malaysia Berhad, on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 to 4 of the pro forma consolidated statements of financial position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires us to comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis set out in Note 1 to 4 of the pro forma consolidated statements of financial position.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in the Abridged Prospectus to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Further, such information may not reflect the actual or predict the Group's future financial position. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis set out in Note 1 to 4 of the pro forma consolidated statements of financial position involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of LFE, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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LFE CORPORATION BERHAD

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Opinion

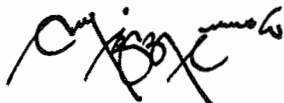
In our opinion,

- (a) The pro forma consolidated statements of financial position of the Group, which have been prepared by the Directors of LFE, have been prepared on the basis of assumptions as set out in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by LFE; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

Other Matters

This letter is issued solely for the purpose of inclusion in the Abridged Prospectus to Shareholders in connection with the Regularisation Plan. As such, this letter should not be reproduced, referred to in any other document or used for any other purpose without our prior written consent.

Yours faithfully,



MORISON ANUARUL AZIZAN CHEW
(AF001977)
CHARTERED ACCOUNTANTS



SATHIEA SEELEAN A/L MANICKAM
1729/05/16 (J/PH)
CHARTERED ACCOUNTANT

[End of this Letter]

LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014
Minimum Scenario
 (Page 1 of 3)



	Audited statements of financial position of LFE Group as at 31.07.14	Adjusted for Subsequent Events up to LPD ^(b)	Pro forma (I) After the Capital Reduction	Pro forma (II) After the Share Premium Reduction	Pro forma (III) After the Rights Issue	Pro forma (IV) After the Private Placement	Pro forma (V) After the Debt Settlement
	RM	RM	RM	RM	RM	RM'000	RM'000
MINIMUM SCENARIO							
NON-CURRENT ASSETS							
Property, plant and equipment	415,560	415,560	415,560	415,560	415,560	415,560	415,560
Investment properties	402,954	402,954	402,954	402,954	402,954	402,954	402,954
Investment in associated companies	133,573	133,573	133,573	133,573	133,573	133,573	133,573
	952,087	952,087	952,087	952,087	952,087	952,087	952,087
CURRENT ASSETS							
Amount owing by contract customers	7,226,153	7,226,153	7,226,153	7,226,153	7,226,153	7,226,153	7,226,153
Trade receivables	93,034,251	32,642,086	32,642,086	32,642,086	32,642,086	32,642,086	32,642,086
Assets held for sale	-	56,439,426	56,439,426	56,439,426	56,439,426	56,439,426	56,439,426
Other receivables, deposits and prepayments	4,168,932	4,168,932	4,168,932	4,168,932	4,168,932	4,168,932	4,168,932
Amount owing by associate company	6,451,561	6,451,561	6,451,561	6,451,561	6,451,561	6,451,561	6,451,561
Tax Recoverable	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Fixed deposits	341,021	341,021	341,021	341,021	341,021	341,021	341,021
Cash and bank balances	3,179,826	3,179,826	3,179,826	3,179,826	7,179,826	27,179,826	16,820,719
	114,434,744	110,482,005	110,482,005	110,482,005	114,482,005	134,482,005	124,122,898
TOTAL ASSETS	115,386,831	111,434,092	111,434,092	111,434,092	115,434,092	135,434,092	125,074,985

LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014
Minimum Scenario (Page 2 of 3)



MINIMUM SCENARIO	Audited statements of financial position of LFE Group as at 31.07.14	Adjusted for Subsequent Events up to LPD	Pro forma (I) After the Capital Reduction	Pro forma (II) After the Share Premium Reduction	Pro forma (III) After the Rights Issue	Pro forma (IV) After the Private Placement	Pro forma (V) After the Debt Settlement
	RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share Capital	84,900,002	84,900,002	25,470,001	25,470,001	30,470,001	50,470,001	53,829,136
Share Premium	5,218,125	5,218,125	5,218,125	-	-	-	-
Translation Reserve	(872,583)	(872,583)	(872,583)	(872,583)	(872,583)	(872,583)	(872,583)
Accumulated losses	(78,418,076)	(78,418,076)	(18,988,075)	(13,769,950)	(14,769,950)	(14,769,950)	(15,653,241)
Shareholders' equity	10,827,468	10,827,468	10,827,468	10,827,468	14,827,468	34,827,468	37,303,312
NON-CURRENT LIABILITIES							
Term Loan	5,835,563	5,835,563	5,835,563	5,835,563	5,835,563	5,835,563	3,667,843
Deferred Taxation	14,800	14,800	14,800	14,800	14,800	14,800	14,800
	5,850,363	5,850,363	5,850,363	5,850,363	5,850,363	5,850,363	3,682,643
CURRENT LIABILITIES							
Amount due to contract customers	4,623,973	4,623,973	4,623,973	4,623,973	4,623,973	4,623,973	4,623,973
Trade payables	43,330,220	39,377,481	39,377,481	39,377,481	39,377,481	39,377,481	39,377,481
Other payables and accruals	39,538,519	39,538,519	39,538,519	39,538,519	39,538,519	39,538,519	37,716,135
Amount owing to associate company	37,786	37,786	37,786	37,786	37,786	37,786	37,786
Amount owing to directors	55,563	55,563	55,563	55,563	55,563	55,563	55,563
Finance lease liabilities	53,256	53,256	53,256	53,256	53,256	53,256	53,256
Term Loan	8,844,847	8,844,847	8,844,847	8,844,847	8,844,847	8,844,847	-
Bank Overdraft	2,224,836	2,224,836	2,224,836	2,224,836	2,224,836	2,224,836	2,224,836
	98,709,000	94,756,261	94,756,261	94,756,261	94,756,261	94,756,261	84,089,030
Total Liabilities	104,559,363	100,606,624	100,606,624	100,606,624	100,606,624	100,606,624	87,771,673
TOTAL EQUITY AND LIABILITIES	115,386,831	111,434,092	111,434,092	111,434,092	115,434,092	135,434,092	125,074,985

LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014
Minimum Scenario
 (Page 3 of 3)



	Audited statements of financial position of LFE Group as at 31.07.14	Adjusted for Subsequent Events up to LPD	Pro forma (I) After the Capital Reduction	Pro forma (II) After the Share Premium Reduction	Pro forma (III) After the Rights Issue	Pro forma (IV) After the Private Placement	Pro forma (V) After the Debt Settlement
	RM	RM	RM	RM	RM	RM	RM

Number of LFE Shares	84,900,002	84,900,002	84,900,002	84,900,002	101,566,669	168,233,336	179,430,453
Par Value per LFE Share (RM)	1.00	1.00	0.30	0.30	0.30	0.30	0.30
NA per share (RM)	0.13	0.13	0.13	0.13	0.15	0.21	0.21
Gearing (times)	1.57	1.57	1.57	1.57	1.14	0.49	0.16
Total Borrowings	16,958,502	16,958,502	16,958,502	16,958,502	16,958,502	16,958,502	5,945,935
Earning as at 31 July 2014	198,281	198,281	198,281	198,281	198,281	198,281	198,281
EPS (cent)	0.24	0.24	0.24	0.24	0.20	0.12	0.11

Note:

(1) 7 October 2015, being the latest practicable date ("LPD") prior to the issuance of the Abridged Prospectus.

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LFE CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014

Maximum Scenario

(Page 1 of 3)



MAXIMUM SCENARIO	Audited statements of financial position of LFE Group as at 31.07.14	Adjusted for Subsequent Events up to LPD	Pro forma (I) After the Capital Reduction	Pro forma (II) After the Share Premium Reduction	Pro forma (III) After the Rights Issue	Pro forma (IV) After the Private Placement	Pro forma (V) After the Debt Settlement
	RM	RM	RM	RM	RM	RM	RM
NON-CURRENT ASSETS							
Property, plant and equipment	415,560	415,560	415,560	415,560	415,560	415,560	415,560
Investment properties	402,954	402,954	402,954	402,954	402,954	402,954	402,954
Investment in associated companies	133,573	133,573	133,573	133,573	133,573	133,573	133,573
	952,087	952,087	952,087	952,087	952,087	952,087	952,087
CURRENT ASSETS							
Amount owing by contract customers	7,226,153	7,226,153	7,226,153	7,226,153	7,226,153	7,226,153	7,226,153
Trade receivables	93,034,251	32,642,086	32,642,086	32,642,086	32,642,086	32,642,086	32,642,086
Assets held for sale	-	56,439,426	56,439,426	56,439,426	56,439,426	56,439,426	56,439,426
Other receivables, deposits and prepayments	4,168,932	4,168,932	4,168,932	4,168,932	4,168,932	4,168,932	4,168,932
Amount owing by associate company	6,451,561	6,451,561	6,451,561	6,451,561	6,451,561	6,451,561	6,451,561
Tax Recoverable	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Fixed deposits	341,021	341,021	341,021	341,021	341,021	341,021	341,021
Cash and bank balances	3,179,826	3,179,826	3,179,826	3,179,826	14,914,826	34,914,826	24,168,969
	114,434,744	110,482,005	110,482,005	110,482,005	122,217,005	142,217,005	131,471,148
	115,386,831	111,434,092	111,434,092	111,434,092	123,169,092	143,169,092	132,423,235

LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014
Maximum Scenario (Page 2 of 3)



MAXIMUM SCENARIO	Audited statements of financial position of LFE Group as at 31.07.14	Adjusted for Subsequent Events up to LPD	Pro forma (I) After the Capital Reduction	Pro forma (II) After the Share Premium Reduction	Pro forma (III) After the Rights Issue	Pro forma (IV) After the Private Placement	Pro forma (V) After the Debt Settlement
	RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share Capital	84,900,002	84,900,002	25,470,001	25,470,001	38,205,001	58,205,001	61,564,136
Share Premium	5,218,125	5,218,125	5,218,125	-	-	-	-
Translation Reserve	(872,583)	(872,583)	(872,583)	(872,583)	(872,583)	(872,583)	(872,583)
Accumulated losses	(78,418,076)	(78,418,076)	(18,988,075)	(13,769,950)	(14,769,950)	(14,769,950)	(15,653,241)
Shareholders' equity	10,827,468	10,827,468	10,827,468	10,827,468	22,562,468	42,562,468	45,038,312
NON-CURRENT LIABILITIES							
Term Loan	5,835,563	5,835,563	5,835,563	5,835,563	5,835,563	5,835,563	3,281,093
Deferred Taxation	14,800	14,800	14,800	14,800	14,800	14,800	14,800
	5,850,363	5,850,363	5,850,363	5,850,363	5,850,363	5,850,363	3,295,893
CURRENT LIABILITIES							
Amount due to contract customers	4,623,973	4,623,973	4,623,973	4,623,973	4,623,973	4,623,973	4,623,973
Trade payables	43,330,220	39,377,481	39,377,481	39,377,481	39,377,481	39,377,481	39,377,481
Other payables and accruals	39,538,519	39,538,519	39,538,519	39,538,519	39,538,519	39,538,519	37,716,135
Amount owing to associate company	37,786	37,786	37,786	37,786	37,786	37,786	37,786
Amount owing to directors	55,563	55,563	55,563	55,563	55,563	55,563	55,563
Hire purchase and lease creditors	53,256	53,256	53,256	53,256	53,256	53,256	53,256
Term Loan	8,844,847	8,844,847	8,844,847	8,844,847	8,844,847	8,844,847	-
Bank Overdraft	2,224,836	2,224,836	2,224,836	2,224,836	2,224,836	2,224,836	2,224,836
	98,709,000	94,756,261	94,756,261	94,756,261	94,756,261	94,756,261	84,089,030
Total Liabilities	104,559,363	100,606,624	100,606,624	100,606,624	100,606,624	100,606,624	87,384,923
TOTAL EQUITY AND LIABILITIES	115,386,831	111,434,092	111,434,092	111,434,092	123,169,092	143,169,092	132,423,235

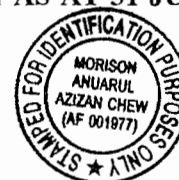
LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014
Maximum Scenario
(Page 3 of 3)



	Audited statements of financial position of LFE Group as at 31.07.14	Adjusted for Subsequent Events up to LPD	Pro forma (I) After the Capital Reduction	Pro forma (II) After the Share Premium Reduction	Pro forma (III) After the Rights Issue	Pro forma (IV) After the Private Placement	Pro forma (V) After the Debt Settlement
	RM	RM	RM	RM	RM	RM	RM
MAXIMUM SCENARIO							
Number of LFE Shares	84,900,002	84,900,002	84,900,002	84,900,002	127,350,003	194,016,670	205,213,787
Par Value per LFE Share (RM)	1.00	1.00	0.30	0.30	0.30	0.30	0.30
NA per share (RM)	0.13	0.13	0.13	0.13	0.18	0.22	0.22
Gearing (times)	1.57	1.57	1.57	1.57	0.75	0.40	0.12
Total Borrowings	16,958,502	16,958,502	16,958,502	16,958,502	16,958,502	16,958,502	5,559,185
Earning as at 31 July 2014	198,281	198,281	198,281	198,281	198,281	198,281	198,281
EPS (cent)	0.24	0.24	0.24	0.24	0.16	0.11	0.10

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LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY
2014



1. Basis of preparation

The pro forma consolidated statements of financial position of LFE have been prepared based on the audited consolidated statements of financial position of LFE as at 31 July 2014 after subsequent completed events up to 7 October 2015 had the Capital Reduction, Share Premium Reduction, Rights Issue, Private Placement and Debts Settlement as described in Note (1) to (4) below, been effected on that date. The pro forma consolidated statements of financial position have been properly compiled on the basis stated using financial statements prepared in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of LFE.

2. Details of the Regularisation Plan

The Company is undertaking the following Regularisation Plan:-

2.1 Capital Reduction

The Company has undertaken a Capital Reduction that the existing issued and paid-up share capital of LFE of RM84,900,002 comprising 84,900,002 ordinary shares of RM1.00 each be reduced (pursuant to Section 64(1) of the Companies Act, 1965 (“Act”)) to RM25,470,001 comprising 84,900,002 LFE Shares, by way of cancellation of RM0.70 of the par value of each existing ordinary share of RM1.00 each in LFE .

The reduction of RM0.70 for each existing ordinary shares of RM1.00 each in LFE gave rise to a credit of RM59,430,001 (based on the existing issued and paid-up share capital), which is utilised to reduce the Company’s accumulated losses of RM46,806,772 based on the audited financial statements of LFE for financial year ended (“FYE”) 31 July 2014. In the event of excess credit after the offset of the accumulated losses, such excess credit shall be transferred into a non-distributable capital reserve account.

The Company has been granted the Court Order from High Court of Malaya on the Capital Reduction on 29 September 2015 and subsequently lodged the Court Order with the Companies Commission of Malaysia on 5 October 2015. Therefore, the par value of each ordinary share in LFE is reduced from RM1.00 per share to RM0.30 per share on 5 October 2015.

2.2 Share Premium Reduction

The Board has undertaken a Share Premium Reduction by way of reducing the share premium account of the LFE of RM5,218,125 pursuant to Section 60(2) and Section 64(1) of the Act. Pursuant to Section 60(2) of the Act, for the purpose of share capital reduction, the share premium account shall be treated as paid-up share capital of a company. Accordingly, a company may, pursuant to Section 64(1) of the Act, reduce its share premium account.

The share premium account of LFE stood at RM5,218,125 based on the audited financial statements of LFE for the FYE 31 July 2014.

**LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY
2014**



2. Details of the Regularisation Plan – (Continued)

2.2 Share Premium Reduction – (Continued)

The share premium account of LFE is reduced by RM5,218,125 and the credit of RM5,218,125 arising therefrom are utilised towards setting-off against the accumulated losses of LFE.

2.3 Rights Issue

The Rights Issue entails a renounceable rights issue of up to 42,450,001 new ordinary shares of RM0.30 each in LFE (“Rights Share(s)”) on the basis of one (1) Rights Share for every two (2) LFE Shares held on the Entitlement Date.

The Rights Shares will be provisionally allotted and issued to shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date after obtaining all the relevant approvals for the Rights Issue (“Entitled Shareholders”).

The Rights Issue will be implemented on a minimum subscription level to raise minimum gross proceeds of RM5,000,000 (“Minimum Subscription Level”). The Minimum Subscription Level was determined by the Board after taking into consideration various factors which include amongst others, the funding requirements of LFE and its subsidiaries including the debt settlements under the Debt Restructuring Agreement (“DRA”), working capital requirements and the expenses arising from the Regularisation Plan.

2.4 Private Placement

LFE undertakes a Private Placement of approximately 66,666,667 new ordinary shares of RM0.30 each in LFE (“Placement Shares”) to be subscribed by the strategic investors at an issue price of RM0.30 per Placement Share.

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**LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY
2014**



2. Details of the Regularisation Plan – (Continued)

2.5 Debt Settlement

The Debt Settlement entails the settlement of debts owing to LFE Scheme Creditors pursuant to the DRA.

The Debt Settlement comprises the followings:

- (i) Issuance of approximately 11,197,117 LFE Shares at an issue price of RM0.30 per LFE Share to the Bilateral Lenders equivalent to 35% of the outstanding unsecured amount to the Bilateral Lenders. Interest at the rate of BLR+1% per annum on RM3,359,135.10 shall be chargeable from 1 June 2014 until issuance of the 11,197,117 LFE Shares to the Bilateral Lenders.
- (ii) LFE shall settle the balance of the agreed settlement sum by paying the Bilateral Lenders in instalments at an interest rate of base lending rate + 1% ("Agreed Rate"), on or before the last business day of every month, over a period of 48 months or shorter period commencing from 31 May 2013.
- (iii) Full and final settlement of RM9,975,816 owing to one of the Scheme Creditors namely Kerisma Berhad by way of cash to be raised and received by LFE from the Fund Raising.
- (iv) Upon full and final settlement of RM9,975,816 to Kerisma Berhad, LFE will furnish to the Bilateral Lenders an irrevocable letter of instruction to IJM-Sunway-Zelan-LFE Consortium IJM-Sunway-Zelan-LFE Consortium to repatriate RM888,000.

The issue price of RM0.30 per LFE Share was arrived at after taking into consideration the par value of LFE Shares after the Capital Reduction of RM0.30 each.

2.6 Amendments to the M&A

The Amendments to the relevant clauses of the Memorandum and Articles of Association ("M&A") of LFE and the cancellation in its existing authorised share capital to facilitate the change in the par value of the existing ordinary shares from RM1.00 each to RM0.30 each.

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LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY
2014



3. Scenarios

The pro forma consolidated statements of financial position which the Directors of LFE as solely responsible, have been prepared solely for illustrative purposes, to show the effects of the following:-

- | | | |
|----|---------------------|---|
| a) | Minimum Scenario :- | Minimum level of subscription for the Fund Raising based on the assumption that only the Undertaking Shareholders subscribe for the Rights Shares |
| b) | Maximum Scenario | Assuming all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue |

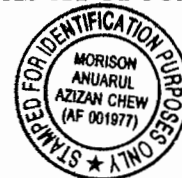
4. The Pro forma Consolidated Statements of Financial Position

4.1 Adjustments for subsequent completed events

The audited consolidated statement of financial position as at 31 July 2014 is adjusted with the effects of the below subsequent completed events for the purpose of illustration to show the effects of the aforementioned events on the Regularisation Plan:

- a) The sale and purchase agreements for six (6) floors of office building in Zone C Towers together with a total of sixty (60) car parking spaces ("Property A") had been executed on 29 January 2015 between Tamouh and ISZL Consortium (a consortium consisting of IJM Constructions, Sunway Builders, Zelan and LFE Engineering) accordingly, ISZL Consortium may deal with and dispose the Property A. The total purchase consideration for the transfer of the Property A from Tamouh to ISZL Consortium is AED110.43 million (LFE portion: AED27.61 million). In addition, ISZL Consortium has received indications from several interested purchasers to purchase the units from the other levels and are currently at the stage of negotiation. Therefore, an amount of AED27.61 million or RM24.03 million is classified and transferred to assets held for sale;
- b) One (1) floor of the Property A had been sold for cash consideration of AED18.17 million (LFE portion : AED4.54 million or RM3.95 million). LFE had utilised the proceeds to settle some payables outstanding; and
- c) The Musataha Agreements between Tamouh and ISZL Consortium's nominees on a vacant plot of land numbered RT4-C11b on Al Reem Island, Abu Dhabi ("Plot A") and IJM-LFE's nominees on a vacant plot of land numbered RT4-C12 on Al Reem Island, Abu Dhabi ("Plot B") were entered on 2nd July 2015. Pursuant to which, Tamouh had granted the development rights to ISZL Consortium over the Plot A and to IJM-LFE (the joint venture between IJM and LFE Engineering) over the Plot B. Hence, ISZL Consortium and IJM-LFE may deal with and dispose of the Plot A and Plot B, in accordance with the terms of the Musataha Agreements. In addition, ISZL Consortium and IJM-LFE have received indications from several interested purchasers. Therefore, LFE portion of AED41.78 million or RM36.36 million is classified and transferred to assets held for sale.

LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY
2014



4. The Pro forma Consolidated Statements of Financial Position – (Continued)

4.2 Pro forma I –Capital Reduction

Pro forma I incorporates the effects of the subsequent completed events and the effects of the Capital Reduction.

Table 1: Pro forma effect of the Capital Reduction

	Par Value RM	No. of LFE Shares	Share Capital
Existing issued and paid-up share capital	1.00	84,900,002	84,900,002
After the Capital Reduction	0.30	84,900,002	25,470,001

Table 2: Pro forma effects of the Capital Reduction on the reserves of the Group

As at 31 July 2014	Company Level (RM)	Group Level (RM)
Accumulated losses of LFE as at 31 July 2014	(46,806,772)	(78,418,076)
Add: Credit arising from the Capital Reduction	59,430,001	59,430,001
Resultant accumulated profit/(losses) of LFE	12,623,229	(18,988,075)

4.3 Pro forma II –Share Premium Reduction

Pro forma II incorporates the effects of the subsequent completed events, the effects of Pro forma I and the Reduction of the Share Premium accounts of RM5,218,125. The pro forma effects of the Share Premium Reduction on the audited accumulated profit/(losses) of LFE and LFE Group after the Capital Reduction are as follows:

As at 31 July 2014	Company Level (RM)	Group Level (RM)
Resultant accumulated profit/(losses) of LFE after the Capital Reduction	12,623,229	(18,988,075)
Add: Credit arising from the Share Premium Reduction	5,218,125	5,218,125
Resultant accumulated profit/(losses) of LFE	17,841,354	(13,769,950)

LFE CORPORATION BERHAD**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014****4. The Pro forma Consolidated Statements of Financial Position – (Continued)****4.4 Pro forma III –Rights Issue**

Pro forma III incorporates the effects of the subsequent completed events, the effects of Pro forma I, Pro forma II, and the effects of the Rights Issue. The issue price for the Rights Shares is fixed at RM0.30 for each Rights Shares.

The proceeds from the Rights Issue are expected to be utilised for the Company's working capital expenditure and estimated expenses.

The estimated expenses in relation to the Regularisation Plan of RM1,000,000 will be debited to the accumulated losses account of the Group.

Minimum Scenario

Representing the scenario where the Board has decided on a minimum level of subscription for the Rights Issue of 16,666,667 of Rights Shares of RM0.30 each Rights Share.

Maximum Scenario

Representing the scenario where the Rights Issue entails an issue of up to 42,450,001 Rights Shares of RM0.30 each Rights Share.

4.5 Pro forma IV –Private Placement

Pro forma IV incorporates the effects of the subsequent completed events, the effects of Pro forma I, Pro forma II, Pro forma III and the effects of the Private Placement. The issue price for the Private Placement is assumed as RM0.30 per ordinary shares of each Placement Share.

The proceeds from the Private Placement are expected to be primarily utilised for settlement of RM9,975,816 owing to Kerisma Berhad and the remaining balance for the Company's working capital expenditure.

4.6 Pro forma V -- Debt Settlement

Pro forma V incorporates the effects of the subsequent completed events, the effects of Pro forma I, Pro forma II, Pro forma III, Pro forma IV and the effects of the Debt Settlement. The Debt Settlement is based on issuance of approximately 11,197,117 new LFE Shares at an issue price of RM0.30 per LFE Share to the Bilateral Lenders equivalent to 35% of the outstanding unsecured amount to the Bilateral Lenders and full and final settlement of RM9,975,816 owing to Kerisma Berhad by way of cash raised and received by LFE from the Rights Issue and Private Placement.

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LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY
2014



5. Utilisation of Proceeds

The Rights Issue and Private Placement are expected to raise gross proceeds of approximately up to RM12.74 million and RM20.0 million respectively, which shall be utilised to fully settle the debt of RM9,975,816 owing to Kerisma Berhad, to finance the working capital requirements of the Group and to defray the estimated expenses incidental to the Regularisation Plan as set out below:

Utilisation of proceeds	Minimum Subscription Level RM'000	Maximum Scenario RM'000	Notes	Expected timeframe for utilisation of proceeds from the listing of LFE Shares
Repayment for the collateralised loan obligation with Kerisma Berhad	9,976	9,976	(i)	Within one (1) month
Working capital of LFE Group	13,641	20,989	(ii)	Within twelve (12) months
Repayment to Bilateral Lenders	383	770	(iii)	Within ten (10) business days from Capital Injection Date
Estimated expenses for the Regularisation Plan ^(a)	1,000	1,000	(iv)	Within three (3) months
	25,000	32,735		

Notes:

(i) The repayment to Kerisma Berhad via cash settlement from the Fund Raising ;

(ii) The proceeds of up to RM20.99 million will be utilised for working capital requirements of LFE Group;

(iii) The amount payable to Bilateral Lenders based on the Minimum Subscription Level and Maximum Scenario are as follows:

(a) If the subscription rate of right issue taken up by the public exceeds 50% (the "Threshold") then 10% of such proceeds in excess of the Threshold shall be payable to the Bilateral Lenders on the tenth (10th) business day from the Capital Injection Date; and

(b) LFE to settle the balance of the agreed settlement sum by paying the Bilateral Lenders in installments at an interest rate of base lending rate+1%, on or before the last business day of every month, over a period of 48 months or shorter period commencing from 31 May 2013. LFE to settle issuance of approximately 11,197,117 new LFE Shares to OCBC Bank (M) Berhad, Malayan Banking Berhad, Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad ("Bilateral Lenders") together with interest at the rate of BLR+1% on RM3,359,135 from 1 June 2014 until issuance of the 11,197,117 LFE Shares.

	Minimum Subscription Level (RM'000)	Maximum Scenario (RM'000)	Timeframe for utilisation
10% of proceeds in excess of the Threshold	Nil	387	Within ten (10) business day from Capital Injection Date
Interest payable based on supplemental DRA	383	383	Within ten (10) business day from Capital Injection Date

(iv) The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at RM1.0 million for the Regularisation Plan. If the actual expenses incurred pursuant to the Regularisation Plan are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital.

LFE CORPORATION BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014



6. Share Capital

The movements in the issue and fully paid up share capital of the Company after the Regularisation Plan.

	Minimum Scenario		Maximum Scenario	
	Par Value RM	No. of Ordinary Shares	No. of Ordinary Shares	RM
<u>Issued and paid-up Share Capital</u>				
As at 31 July 2014	1.00	84,900,002	84,900,002	84,900,002
Cancelled pursuant to the Capital Reduction	(0.70)	-	(59,430,001)	(59,430,001)
Pro forma I	0.30	84,900,002	25,470,001	25,470,001
To be issued pursuant to the Share Premium Reduction	0.30	-	-	-
Pro forma II	0.30	84,900,002	25,470,001	25,470,001
To be issued pursuant to the Rights Issue	0.30	16,666,667	5,000,000	12,735,000
Pro forma III	0.30	101,566,669	30,470,001	38,205,001
To be issued pursuant to the Private Placement	0.30	66,666,667	20,000,000	20,000,000
Pro forma IV	0.30	168,233,336	50,470,001	58,205,001
To be issued pursuant to the Debt Settlement	0.30	11,197,117	3,359,135	3,359,135
Pro forma V	0.30	179,430,453	53,829,136	61,564,136

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AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 JULY 2014 TOGETHER
WITH THE AUDITOR'S REPORT THEREON



CERTIFIED TRUE COPY

A handwritten signature in black ink, appearing to read 'S. Manickam'.

.....
SATHYA SEELEKAN MANICKAM
CA(M), B. ACC(M), AICAA/ATII

LFE CORPORATION BERHAD
(Company No. 579343-A)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
31 JULY 2014

Registered office:
Level 2, Tower 1
Avenue 5 Bangsar South City
59200 Kuala Lumpur

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 JULY 2014

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LFE CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2014.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are stated in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Profit/(loss) for the financial year attributable to:		
Owners of the Company	198,281	(414,983)
Non-controlling interest	-	-
	<u>198,281</u>	<u>(414,983)</u>

Dividend

No dividend was paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year under review.

Directors

The Directors who served since the date of the last report and the date of this report are as follows:

Liew Kiam Woon
David Low Teck Wee
Loo Thin Tuck
Tunku Azlan Bin Tunku Aziz
Juliana Quah Kooi Hong
Kok Tong Yong

Directors' Interests

Details of holdings and deemed interests in the share capital and options over the shares of the Company or its related corporations by the Directors holding office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965 in Malaysia, were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.8.2013	Acquired	Disposed	At 31.7.2014
LFE Corporation Berhad				
Direct interest:				
Liew Kiam Woon	4,133,843	-	-	4,133,843
Kok Tong Yong	25,000	-	-	25,000
Indirect interest:				
Liew Kiam Woon	4,605,562	-	-	4,605,562 [^]

[^] Deemed interested by virtue of his substantial shareholdings in Liew Meow Nyeen Realty Sdn Berhad.

By virtue of their interest in shares of the Company, Liew Kiam Woon and Kok Tong Yong are deemed to be interested in the shares of all the subsidiaries to the extent that the Company has a substantial interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other Statutory Information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.
- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations as and when they fall due.

- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company for the financial year ended 31 July 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

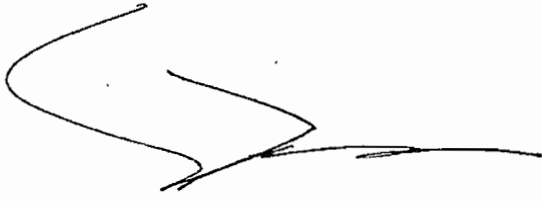
Significant and Subsequent Events

The significant and subsequent events are disclosed in Note 37 to the financial statements.

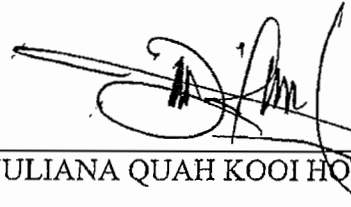
Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



LIEW KIAM WOON



JULIANA QUAH KOOI HONG

KUALA LUMPUR
13 NOVEMBER 2014

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

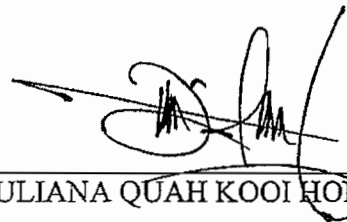
We, LIEW KIAM WOON and JULIANA QUAH KOOI HONG, being two of the Directors of LFE CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 85 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 86 to the financial statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



LIEW KIAM WOON



JULIANA QUAH KOOI HONG

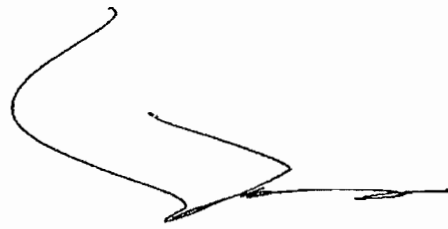
KUALA LUMPUR
13 NOVEMBER 2014

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

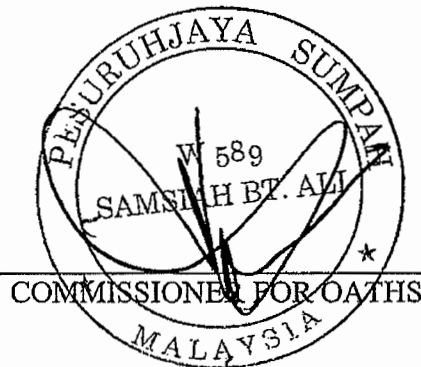
I, LIEW KIAM WOON, being the Director primarily responsible for the financial management of LFE CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 11 to 85 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed LIEW KIAM WOON)
at Kuala Lumpur Wilayah Persekutuan)
on this date of 13 NOV 2014)



LIEW KIAM WOON

Before me,



SAMSIAH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 142B, TRK BAWAH,
BGN. UMNO SELANGOR
JALAN IPOH, 51200
KUALA LUMPUR W.P.

MORISON ANUARUL AZIZAN CHEW
CHARTERED ACCOUNTANTS

18 Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur.
Tel : 603-40482888 Fax : 603-40482999

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LFE CORPORATION BERHAD**

(Company No: 579343-A)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of LFE Corporation Berhad, which comprise the statements of financial position as at 31 July 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 85.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia ("the Act"). The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Your Partners In Success

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 and Note 37 to the financial statements. The financial statements of the Group and of the Company are prepared on a going concern basis. The Group and the Company had submitted its Proposed Regularisation Plan (“PRP”) as disclosed in Note 37 to the financial statements. As at the date of this report, the PRP is being reviewed by the relevant authorities and their approval are pending. The ability of the Group and of the Company to continue as going concern is dependent upon the successful and timely formulation and implementation of the PRP and its ability to generate sufficient cash flows for its operating activities.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

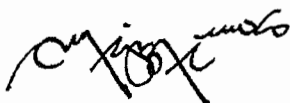
- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the independent auditors’ report of the subsidiary company of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company’s financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The independent auditors’ reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in page 86 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, "*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*", as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants



SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/16 (J/PH)
Chartered Accountant

KUALA LUMPUR
13 NOVEMBER 2014

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	415,560	572,829	-	-
Investment properties	5	402,954	402,954	-	-
Investment in subsidiary companies	6	-	-	25,576,086	25,576,084
Investment in associate companies	7	133,573	141,096	25,500	25,500
Other long term investments	8	-	-	-	-
		<u>952,087</u>	<u>1,116,879</u>	<u>25,601,586</u>	<u>25,601,584</u>
Current Assets					
Inventories	10	-	31,098	-	-
Amount owing by customers on contracts	11	7,226,153	7,509,323	-	-
Trade receivables	12	93,034,251	94,676,557	-	-
Other receivables	13	4,168,932	3,764,941	45,000	45,000
Amount owing by subsidiary companies	14	-	-	18,156,305	18,165,970
Amount owing by associate companies	15	6,451,561	6,123,175	769,813	769,813
Amount owing by a former Director	16	-	-	-	-
Tax recoverable		33,000	140,000	-	-
Fixed deposits placed with licensed banks	17	341,021	1,222,028	-	-
Cash and bank balances		<u>3,179,826</u>	<u>1,217,550</u>	<u>11,535</u>	<u>1,300</u>
		<u>114,434,744</u>	<u>114,684,672</u>	<u>18,982,653</u>	<u>18,982,083</u>
TOTAL ASSETS		<u>115,386,831</u>	<u>115,801,551</u>	<u>44,584,239</u>	<u>44,583,667</u>

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2014 (CONT'D)

	Note	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital	18	84,900,002	84,900,002	84,900,002	84,900,002
Reserves	19	(74,072,534)	(73,784,901)	(41,588,647)	(41,173,664)
		<u>10,827,468</u>	<u>11,115,101</u>	<u>43,311,355</u>	<u>43,726,338</u>
Non-Current Liabilities					
Finance lease liabilities	20	-	53,256	-	-
Bank borrowings	21	5,835,563	7,019,894	-	-
Deferred tax liabilities	22	14,800	10,200	-	-
		<u>5,850,363</u>	<u>7,083,350</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Amount owing to customers on contracts	11	4,623,973	4,684,298	-	-
Trade payables	23	43,330,220	46,390,057	-	-
Other payables	24	39,538,519	32,395,339	696,172	715,610
Amount owing to subsidiary companies	14	-	-	538,926	103,933
Amount owing to associate companies	15	37,786	37,786	37,786	37,786
Amount owing to Directors	25	55,563	55,563	-	-
Finance lease liabilities	20	53,256	77,391	-	-
Bank borrowings	21	11,069,683	13,481,766	-	-
Provision for taxation		-	480,900	-	-
		<u>98,709,000</u>	<u>97,603,100</u>	<u>1,272,884</u>	<u>857,329</u>
Total Liabilities		<u>104,559,363</u>	<u>104,686,450</u>	<u>1,272,884</u>	<u>857,329</u>
TOTAL EQUITY AND LIABILITIES		<u>115,386,831</u>	<u>115,801,551</u>	<u>44,584,239</u>	<u>44,583,667</u>

The accompanying notes form an integral part of the financial statements.

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	26	32,088,775	72,528,301	-	-
Cost of sales		(25,170,852)	(53,747,119)	-	-
Gross profit		<u>6,917,923</u>	<u>18,781,182</u>	<u>-</u>	<u>-</u>
Other operating income		840,170	3,935,940	251,439	-
Administrative expenses		(4,215,545)	(3,624,164)	(666,422)	(210,587)
Other operating expenses		(294,777)	(2,051,086)	-	-
Finance costs	27	<u>(2,887,585)</u>	<u>(3,126,140)</u>	<u>-</u>	<u>-</u>
		360,186	13,915,732	(414,983)	(210,587)
Share of results of associate companies		(7,523)	(11,309)	-	-
Profit/(loss) before taxation	28	<u>352,663</u>	<u>13,904,423</u>	<u>(414,983)</u>	<u>(210,587)</u>
Taxation	29	(154,382)	(469,268)	-	-
Net profit/(loss) for the financial year		<u>198,281</u>	<u>13,435,155</u>	<u>(414,983)</u>	<u>(210,587)</u>
Other comprehensive (loss)/ income:					
Item that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		<u>(485,914)</u>	<u>325,445</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/ income for the financial year		<u>(287,633)</u>	<u>13,760,600</u>	<u>(414,983)</u>	<u>(210,587)</u>
Earnings per share attributable to owners of the Company (sen)					
- Basic	30	0.23	15.82		
- Diluted		<u>0.23</u>	<u>15.82</u>		

The accompanying notes form an integral part of the financial statements.

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

Group	Attributable to Owners of the Company					Total Equity RM
	Share Capital RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM	
At 1 August 2012	84,900,002	5,218,125	(712,114)	(92,051,512)	(2,645,499)	
Total comprehensive income:						
Net profit for the financial year	-	-	-	13,435,155	13,435,155	
Other comprehensive income	-	-	325,445	-	325,445	
At 31 July 2013	84,900,002	5,218,125	(386,669)	(78,616,357)	11,115,101	
At 1 August 2013	84,900,002	5,218,125	(386,669)	(78,616,357)	11,115,101	
Total comprehensive loss:						
Net profit for the financial year	-	-	-	198,281	198,281	
Other comprehensive loss	-	-	(485,914)	-	(485,914)	
At 31 July 2014	84,900,002	5,218,125	(872,583)	(78,418,076)	10,827,468	

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014 (CONT'D)**

Company	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
At 1 August 2012	84,900,002	5,218,125	(46,181,202)	43,936,925
Total comprehensive loss	-	-	(210,587)	(210,587)
At 31 July 2013	<u>84,900,002</u>	<u>5,218,125</u>	<u>(46,391,789)</u>	<u>43,726,338</u>
At 1 August 2013	84,900,002	5,218,125	(46,391,789)	43,726,338
Total comprehensive loss	-	-	(414,983)	(414,983)
At 31 July 2014	<u>84,900,002</u>	<u>5,218,125</u>	<u>(46,806,772)</u>	<u>43,311,355</u>

The accompanying notes form an integral part of the financial statements.

LFE CORPORATION BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	352,663	13,904,423	(414,983)	(210,587)
Adjustments for:				
Impairment loss on trade receivables	-	1,246,423	-	-
Depreciation of property, plant and equipment	98,959	291,170	-	-
Gain on disposal of property, plant and equipment	(22,068)	-	-	-
Property, plant and equipment written off	395	-	-	-
Inventories written off	25,838	-	-	-
Bad debt written off - non trade	-	79,491	-	-
Impairment for trade receivables written back	-	(918,295)	-	-
Bad debt recovered	(250,000)	-	-	-
Share of loss in associate companies	7,523	11,309	-	-
Fair value adjustment on:				
- trade receivables	(168,521)	(32,556)	-	-
- trade payables	847	(22,921)	-	-
Waiver of debts	(4,147)	-	-	-
Interest income	(20,742)	(32,636)	-	-
Interest expense	2,887,585	3,126,140	-	-
Operating profit/(loss) before working capital changes	2,908,332	17,652,548	(414,983)	(210,587)

LFE CORPORATION BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014 (CONT'D)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Decrease/(Increase) in working capital				
Amount owing by/(to) customers on contracts	222,845	(24,643,180)	-	-
Inventories	5,260	-	-	-
Trade and other receivables	1,656,836	5,233,814	-	-
Trade and other payables	4,086,643	3,599,029	(19,440)	(1,605,504)
Amount owing by subsidiary companies	-	-	444,658	1,816,181
Amount owing by/(to) associate companies	(328,386)	(111,748)	-	-
	<u>5,643,198</u>	<u>(15,922,085)</u>	<u>425,218</u>	<u>210,677</u>
Cash generated from operations	8,551,530	1,730,463	10,235	90
Interest received	20,742	32,636	-	-
Interest paid	(2,887,585)	(384,305)	-	-
Tax refunded	8,100	118,242	-	-
Tax paid	(531,782)	(21,498)	-	-
	<u>(3,390,525)</u>	<u>(254,925)</u>	<u>-</u>	<u>-</u>
Net cash generated from operating activities	<u>5,161,005</u>	<u>1,475,538</u>	<u>10,235</u>	<u>90</u>
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(5,560)	(7,498)	-	-
Proceeds from disposal of property, plant and equipment	85,500	17,377	-	-
Net cash generated from investing activities	<u>79,940</u>	<u>9,879</u>	<u>-</u>	<u>-</u>

LFE CORPORATION BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014 (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash Flows From Financing Activities				
Increase/(Decrease) in fixed deposits pledged	881,007	(317,939)	-	-
Interest expenses	-	(2,273,796)	-	-
Repayment of bank borrowings	(2,946,227)	(313,209)	-	-
Repayment of finance lease liabilities	(77,391)	(79,478)	-	-
Net cash used in financing activities	(2,142,611)	(2,984,422)	-	-
Net increase/(decrease) in cash and cash equivalents	3,098,334	(1,499,005)	10,235	90
Effect of exchange rate changes	(485,871)	302,005	-	-
Cash and cash equivalents at the beginning of the financial year	<u>(1,657,473)</u>	<u>(460,473)</u>	<u>1,300</u>	<u>1,210</u>
Cash and cash equivalents at the end of the financial year	<u>954,990</u>	<u>(1,657,473)</u>	<u>11,535</u>	<u>1,300</u>
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	3,179,826	1,217,550	11,535	1,300
Fixed deposits with licensed banks	341,021	1,222,028	-	-
Bank overdrafts	<u>(2,224,836)</u>	<u>(2,875,023)</u>	-	-
	1,296,011	(435,445)	11,535	1,300
Less: Fixed deposits pledged	<u>(341,021)</u>	<u>(1,222,028)</u>	-	-
	<u>954,990</u>	<u>(1,657,473)</u>	<u>11,535</u>	<u>1,300</u>

The accompanying notes form an integral part of the financial statements.

LFE CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business is located at Lot 43117, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan.

2. Going Concern

On 1 October 2012, the Company triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) and 2.1(e) of Practice Note 17 (“PN17”) under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as of that date is considered a PN17 company. The PN17 criteria was triggered as a consequence of the Company’s unaudited quarterly announcement for the full financial year ended 31 July 2012 that was announced on 28 September 2012 wherein the shareholders’ equity of the Company on a consolidated basis was less than 25% of the Company’s issued and paid-up capital and such shareholders’ equity was less than RM40 million. The Company has a timeline of twelve months up to 30 September 2013 to submit its regularisation plan to the regulatory authorities.

The Company has made the following actions to address its PN17 status as follows:

On 28 February 2013, the Company entered into a Debt Restructuring Agreement (“DRA”) with scheme creditors to restructure their bank borrowings.

On 23 September 2013, the Company submitted an application to Bursa Securities to seek approval for an extension of time of up to three months from the date of the original submission timeline to submit their regularisation plan to regularise the Group’s financial condition and business operations.

On 18 October 2013, Bursa Securities granted the Company an extension of time up to 30 December 2013 to submit a regularisation plan to the regulatory authorities.

On 4 April 2014, Bursa Securities granted the Company second extension of time up to 30 June 2014 to submit a regularisation plan to the regulatory authorities.

On 17 June 2014, the Company entered into a new supplemental DRA as amendment to the term and condition of DRA dated on 28 February 2013.

On 10 July 2014, Bursa Securities granted the Company third extension of time up to 31 July 2014 to submit a regularisation plan to the regulatory authorities.

On 25 July 2014, the Company has submitted a Proposed Regularisation Plan (“PRP”) to Bursa Securities for approval as disclosed in Note 37 to the financial statements. As at the date of this report, the PRP is being reviewed by Bursa Securities and their approval is pending.

In the event the Company fails to comply with the obligations to regularise its condition, all its listed securities will be suspended from trading on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and de-listing procedures shall be taken against the Company, subject to the Company’s right to appeal against the de-listing.

These factors raise our concern as to the basis of the preparation of the financial statements of the Group and of the Company on a going concern.

The basis for the preparation of the financial statements of the Group and of the Company is therefore dependable upon the successful outcome and implementation of PRP, profitable operation of the Group and of the Company to generate sufficient cash in the future to fulfill their obligation as and when they fall due and financial support from the scheme creditors and shareholders.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis and accordingly, the financial statements do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

3. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgemental or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(e) to the financial statements.

- (b) Adoption of new and revised MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int

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

New MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 13	Fair Value Measurement

Revised MFRSs

MFRS 119	Employee benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
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Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
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The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 *Consolidated and Separate Financial Statements*. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 *Consolidation-Special Purpose Entities*, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that “an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 11 Joint Arrangements and MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this MFRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying MFRS 10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to the annual period immediately preceding the date of initial application. A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that MFRS 12 is applied.

If, upon applying MFRS 10, an entity conclude that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of MFRS 3 *Business Combinations* and MFRS 127.

These amendments are not expected to have any significant impact on the financial results and position of the Group.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venturer recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

The adoption of MFRS 11 has no significant impact to the financial statements of the Group.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

MFRS 128 (Revised) incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associates, as the equity method was applicable for both investments in joint ventures and associates. However, the revised standard exempts the investor from applying equity accounting where the investment in the associate or joint venture is held indirectly via venture capital organisations or mutual funds, unit trusts and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 addresses disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1st July 2013.

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.