



**LFE CORPORATION BERHAD**  
(Company No: 579343-A)

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)**  
For the period ended 31 March 2007

	Individual Quarter		Cumulative Quarters	
	Current year quarter	Preceding year corresponding quarter	Current year- to-date	Preceding year corresponding period
	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.07</b>	<b>31.03.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	<b>37,631</b>	<b>28,865</b>	<b>37,631</b>	<b>28,865</b>
Operating expenses	(37,507)	(31,387)	(37,507)	(31,387)
Other operating income	2,023	235	2,023	235
<b>Profit/(Loss) from operations</b>	<b>2,147</b>	<b>(2,287)</b>	<b>2,147</b>	<b>(2,287)</b>
Finance costs	(1,169)	(917)	(1,169)	(917)
Share of loss of associate	0	(29)	0	(29)
<b>Profit/(Loss) before taxation</b>	<b>978</b>	<b>(3,233)</b>	<b>978</b>	<b>(3,233)</b>
Tax expense	(331)	(131)	(331)	(131)
<b>Net Profit/(Loss) for the period</b>	<b>647</b>	<b>(3,364)</b>	<b>647</b>	<b>(3,364)</b>
Attributable to :				
Equity holders of the company	564	(3,354)	564	(3,354)
Minority interests	83	(10)	83	(10)
	<b>647</b>	<b>(3,364)</b>	<b>647</b>	<b>(3,364)</b>
Loss per ordinary share:				
- Basic (cumulative)	<b>0.79</b>	<b>(6.45)</b>	<b>0.79</b>	<b>(6.45)</b>
- Diluted (sen) (Note B13)	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006)**

**LFE CORPORATION BERHAD**  
(Company No : 579343-A)

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**As at 31 March 2007**

	<b>Unaudited 31.03.2007</b>	<b>Audited 31.12.2006</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>Assets</b>		
Property, plant and equipment	2,617	2,657
Property held for development	4,249	4,200
Intangible assets	394	394
Investment properties	5,079	5,079
Investment in associate	94	-
Other investments	7,740	7,754
<b>Total non-current assets</b>	<u>20,173</u>	<u>20,084</u>
Inventories	3,452	3,372
Assets classified as held for sale	1,159	1,159
Trade receivables	55,417	51,724
Amount due from contract customers	13,161	16,799
Other receivables	27,378	23,663
Fixed deposits with licensed banks	8,168	687
Cash and bank balances	4,338	13,942
Tax recoverable	408	2,013
<b>Total current assets</b>	<u>113,481</u>	<u>113,359</u>
<b>Total assets</b>	<u><b>133,654</b></u>	<u><b>133,443</b></u>
<b>Equity</b>		
Share capital	72,200	67,200
Share premium	5,218	4,934
Reserve	(52,242)	(52,383)
<b>Total equity attributable to shareholders of the Company</b>	<u>25,176</u>	<u>19,751</u>
<b>Minority Interests</b>	<u>653</u>	<u>570</u>
<b>Total equity</b>	<u>25,829</u>	<u>20,321</u>
<b>Liabilities</b>		
Long term borrowings	37,169	37,241
Deferred tax liabilities	337	337
<b>Total non-current liabilities</b>	<u>37,506</u>	<u>37,578</u>
Trade payables	20,486	23,654
Amount due to contract customers	16,334	13,340
Other payables	6,992	7,512
Amount owing to directors	1,336	1,316
Overdrafts and short term borrowings	23,757	28,598
Taxation	1,415	1,124
<b>Total current liabilities</b>	<u>70,319</u>	<u>75,544</u>
<b>Total liabilities</b>	<u>107,825</u>	<u>113,122</u>
<b>Total equity and liabilities</b>	<u><b>133,654</b></u>	<u><b>133,443</b></u>
<b>Net assets per share (RM)</b>	<u>0.35</u>	<u>0.29</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006)

**LFE CORPORATION BERHAD**  
(Company No: 579343-A)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**  
For the first quarter ended 31 March 2007

	Share capital (RM'000)	Non Distributable Share premium (RM'000)	Exchange reserve (RM'000)	Distributable Retained earnings (RM'000)	Total (RM'000)	Minority interests (RM'000)	Total equity (RM'000)
As at 1 January 2007	67,200	5,218	(284)	(52,383)	19,751	570	20,321
Exchange differences on translation	-	-	(139)	-	(139)	-	(139)
Net profit/(loss) for the period	-	-	-	564	564	83	647
Issuance of new ordinary shares - restricted issue	5,000 -	- -	- -	- -	5,000 -	- -	5,000 -
As at 31 March 2007	<b>72,200</b>	<b>5,218</b>	<b>(423)</b>	<b>(51,819)</b>	<b>25,176</b>	<b>653</b>	<b>25,829</b>

	Share capital (RM'000)	Non Distributable Share premium (RM'000)	Exchange reserve (RM'000)	Distributable Retained earnings (RM'000)	Total (RM'000)	Minority interests (RM'000)	Total equity (RM'000)
As at 1 January 2006	52,000	5,218	97	(31,612)	25,703	-	25,703
Exchange differences on translation	-	-	(381)	-	(381)	-	(381)
Net loss for the period	-	-	-	(20,771)	(20,771)	130	(20,641)
Issuance of new ordinary shares - private placement	5,200	-	-	-	5,200	-	5,200
- restricted issue	10,000	-	-	-	10,000	-	10,000
Acquisition of new subsidiaries	-	-	-	-	-	440	440
As at 31 December 2006	<b>67,200</b>	<b>5,218</b>	<b>(284)</b>	<b>(52,383)</b>	<b>19,751</b>	<b>570</b>	<b>20,321</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006)

**LFE CORPORATION BERHAD**

(Company Bo : 579343-A)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)**

For the first quarter ended 31 March 2007

	Unaudited as at end of current quarter 31.3.2007 (RM'000)	Unaudited as at preceding year quarter 31.3.2006 (RM'000)
<b>Cash Flows From Operating Activities</b>		
Profit/(loss) before taxation	978	(3,233)
Adjustments for :		
Non-cash items	(1,728)	291
Non-operating items	1,168	909
Operating loss before working capital changes	418	(2,033)
Changes in working capital		
Net change in current assets	(13,293)	(11,118)
Net change in current liabilities	(683)	15,092
Cash (used in)/generated from operations	(13,558)	1,941
Interest expense	(1,169)	(917)
Income taxes (paid)/refund	1,585	(105)
<b>Net cash (used in)/generated from operating activities</b>	<b>(13,142)</b>	<b>919</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of subsidiaries	-	(123)
Interest income	5	7
Purchase of property, plant and equipment	(115)	(100)
Property development costs	(49)	-
Proceed from sale of property, plant and equipment	11,321	-
Proceed from sale of quoted shares	12	-
Investment in an associate	(94)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>11,080</b>	<b>(216)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issued of shares	5,000	-
Proceeds from short term borrowings	6,159	3,168
Repayment of term loans and other bank borrowings	(12,493)	(2,484)
Repayment of hire purchase liabilities	(83)	(95)
Pledge deposit	(7,000)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(8,417)</b>	<b>589</b>
Exchange differences on translation	(148)	(174)
Net (decrease)/increase in cash and cash equivalents	(10,627)	1,118
Cash & cash equivalents at beginning of year	1,358	(8,767)
<b>Cash &amp; cash equivalents at end of period</b>	<b>(9,269)</b>	<b>(7,649)</b>
<b>Cash &amp; cash equivalents comprise:</b>		
Cash and bank balances	4,338	2,422
Fixed deposits placed with licensed banks	8,168	758
Bank overdrafts	(14,102)	(10,083)
	(1,596)	(6,903)
Less : Pledged deposit	(7,673)	(746)
	<b>(9,269)</b>	<b>(7,649)</b>

**(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2006)**

**LFE CORPORATION BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT**  
**For the first quarter ended 31 March 2007**

**A EXPLANATORY NOTES AS PER FRS 134**

**A1 Basis of preparation**

This interim financial report has been prepared in accordance with the applicable disclosure provisions stated in paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), including compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007 annual financial statements as set out in Note A2.

The preparation of an interim financial report in conformity with FRS 134, Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSS.

**A2 Change in accounting policies**

The significant accounting policies adopted for the interim financial statements are consistent with those in the audited financial statements for the year ended 31 December 2006 except for the following new/revised FRSS which the Group has adopted for the financial period beginning 1 January 2007:

FRS 117 Leases

FRS 124 Related Party Disclosures

Amendments to FRS 119<sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of all FRSS mentioned above does not result in significant changes in accounting policies of the Group, other than the change discussed below:

In the previous financial year, the Group had adopted FRS 140, Investment Property. A property interest under an operating lease is classified and accounted for as an Investment Property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. This include property that is held for currently undetermined future use. Property that is occupied by the Companies in the Group is accounted for as owner-occupied rather than as investment property. Any such property interest under an operating lease classified as an investment property is carried at fair value. All leasehold lands under the Group are now classified as Investment Property. Therefore, the adoption of FRS 117 has no significant impact on the Group's financial statements.

**A3 Qualification of financial statements**

The financial statements for the year ended 31 December 2006 was not subject to any audit qualification.

**A4 Seasonality or cyclicity factors**

The Group's operations are not materially affected by seasonal or cyclical factors. The general economic scenario and construction cycle would however have an impact on the Group's operations.

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**A5 Unusual and extraordinary items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date under review.

**A6 Changes in accounting estimates**

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial period-to-date results.

**A7 Debts and equity securities**

For the current financial year-to-date, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period except for the issuance of 5,000,000 new ordinary shares of RM1 each pursuant to the Restricted Issue as disclosed in Note B8(a).

**A8 Dividends paid**

No dividend was paid for the current financial period ended 31 March 2007.

**A9 Segmental reporting**

The Group's segmental report for the financial period ended 31 March 2007 are as follows:-

<b>Business segment</b>	<b>Electrical &amp; mechanical RM'000</b>	<b>Property &amp; investment holding RM'000</b>	<b>Distribution of * consumer electronics products RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>REVENUE</b>					
External Sales					
Malaysia	11,406	81	2,203	(15)	13,675
Overseas	5,690	-	18,266	-	23,956
Total revenue	<u>17,096</u>	<u>81</u>	<u>20,469</u>	<u>(15)</u>	<u>37,631</u>
<b>RESULTS</b>					
Operating Profit /(loss)	825	(80)	1,402	-	2,147
Interest expense	(1,169)	-	-	-	(1,169)
Income tax	(289)	-	(42)	-	(331)
(Loss)/ profit after tax	<u>(633)</u>	<u>(80)</u>	<u>1,360</u>	<u>-</u>	<u>647</u>
Minority interest					<u>(83)</u>
Net profit					<u><u>564</u></u>

\* Formerly described as "trading of information technology products"

**A10 Carrying amount of revalued assets**

The valuations of land and buildings have been brought forward without amendment from the previous audited financial statements.

**A11 Material events subsequent to balance sheet date**

There are no material events subsequent to the end of the quarter under review.

**A12 Changes in the composition of the Group**

On 1 February 2007, LFE Engineering Sdn. Bhd., a wholly owned subsidiary of the Company, acquired 49% equity interest in LFE Engineering Qatar W.L.L., a company incorporated in Qatar, comprising 200 ordinary shares of Qatari Riyals 1,000 each.

Save from the above, there was no changes in the composition of the Group during the current quarter.

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**A13 Capital commitments**

There is no authorised capital expenditure that has not been provided for in the interim financial statements as at 31 March 2007.

**A14 Changes in contingent liabilities and contingent assets**

There were no changes in the contingent liabilities since the last balance sheet as at 31 December 2006 to the date of this report.

**A15 Related party transactions**

The Group and the Company had the following transactions with related parties during the financial year.

	<b>Current quarter ended 31.3.2007 RM RM'000</b>	<b>Cumulative quarter ended 31.3.2007 RM RM'000</b>
<b>Transactions with key management personnel</b>		
<b>Rental expenses paid to a director</b>		
# - Lew Mew Choi	17	17
<b>Rental income receivable</b>		
# - Mayduct Technology Sdn Bhd	66	66
<b>Contract revenue receivable from a company in which a substantial shareholder has interests</b>		
# - Kejuruteraan Rayton Sdn Bhd	835	835
# These transactions have been entered into under negotiated terms.		

**B Additional information required by Bursa Malaysia Securities Berhad listing requirements**

**B1 Review of performance**

The Group recorded revenue of RM 37.6 million for the current quarter ended 31 March 2007 as compared to RM 28.9 million for the corresponding quarter in the previous year. The increase in revenue was mainly contributed by the Consumer Electronics ("CE") Division which generated revenue of RM 20.5 million for the quarter ended 31 March 2007.

The Mechanical & Electrical ("M&E") Division recorded revenue of RM 17.1 million representing a decrease of RM10.2 million as compared to the corresponding quarter in the previous year. The decrease was mainly due to lower contributions from projects which were at their nearly completion stage and newly secured projects which were still at their early stage of implementation.

The Group registered a pre-tax profit of RM 1.0 million during the current quarter, an increase of 131% from pre-tax loss of RM 3.2 million as compared to the corresponding quarter in the previous year. The improvement in pre-tax profit was primarily contributed by the CE Division, write back of provision for doubtful debts and projects completed during the current quarter under review are mostly with higher gross profit margin.

**B2 Comparison between the current quarter and immediate preceding quarter**

The Group reported a revenue of RM 37.6 million in the current quarter which represents an increase of RM13.6 million from immediate preceding quarter of RM 24.0 million. Pre-tax profit of RM 1.0 million represents an increase of RM 16.4 million as compared to the immediate preceding quarter's pre-tax loss of RM 15.4 million.

The increase in the revenue was mainly due to the higher revenue generated from the CE division. The profit recorded for the current quarter was mainly contributed by the CE Division, higher margin achieved on contracts and write back of provision for doubtful debts.

The higher previous quarter loss was mainly attributed to the provision for impairment of investment in Sunway Infrastructure Berhad ("SIB") of RM 7.8 million and provision for doubtful debts of approximately RM 3.8 million.

**B3 Current year prospects**

With contribution from CE division coupled with a sizeable order book for M&E division, barring any unforeseen circumstances, the Group's performance is expected to continue to be favourable for the remaining quarters of the current financial year.

**B4 Variance of profit forecast**

Not applicable as the Group did not publish any profit forecast.

**B5 Tax expense**

	<b>Current quarter ended 31.3.2007 RM'000</b>	<b>3 months cumulative to 31.3.2007 RM'000</b>	<b>Comparative quarter ended 31.3.2006 RM'000</b>	<b>Comparative 3 months cumulative to 31.3.2006 RM'000</b>
Profit/(loss) before taxation	<b>978</b>	<b>978</b>	<b>(3,233)</b>	<b>(3,233)</b>
Current tax - Malaysian tax	143	143	-	-
Current tax - Overseas	188	188	131	131
	<b>331</b>	<b>331</b>	<b>131</b>	<b>131</b>

The Group's effective tax rate is higher than the statutory tax rate for the current quarter under review principally due to certain expenses are not deductible for tax purposes and the losses of certain subsidiaries which can not be set off against taxable profits made by other subsidiaries.



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**B6 Sale of unquoted investments and properties**

There was no sale of unquoted investments and properties for the quarter under review and financial period-to-date.

**B7 Purchase or disposal of quoted securities**

There were no disposals of quoted securities for the current quarter under review and financial year-to-date except for the disposal of 78,400 SIB shares for cash consideration of RM 11,686 which resulted in a loss on disposal of RM 1,250.

There were no quoted securities purchased during the current quarter under review and financial period-to-date.

Details of investments in quoted securities are as follows:

	<b>As at 31.3.2007 RM'000</b>	<b>As at 31.12.2006 RM'000</b>
(i) At cost	29,150	29,239
(ii) At carrying value/book value (after provision for diminution in value)	4,240	4,253
(iii) At market value	3,598	3,866

**B8 Status of corporate proposals announced**

(a)

On 28 Nov 2006, the Company announced to undertake a restricted issue of up to 40,000,000 new ordinary shares of RM1.00, representing approximately 69.9% and 41.15% of the existing and enlarged issued and paid-up share capital of the Company. The first tranche of 15,000,000 Restricted Issued Shares are to be issued to Alan, who is a non-executive director and a major shareholder of the Company and the remaining of up to 25,000,000 Restricted Issue Shares are to be issued in tranches to non-interested parties (New Investors") to be identified at later dates. As at the date hereof, the Company had allotted 15,000,000 new shares under the Proposed Restricted Issue to Alan at a price of RM1.00 per share which raised gross proceeds of RM15,000,000 to the Company. The new ordinary shares arising from the Proposed Restricted Issue were listed and quoted on The Second Board of Bursa Malaysia Securities Berhad on 9 February 2007.

Status of the utilisation of proceeds raised from restricted issue is as follows:

	Approved for utilisation by SC	Actual proceeds raised as at 24.5.2007	Utilised as at 24.5.2007	Balance yet to be utilised
	RM'000	RM'000	RM'000	RM'000
Working capital	39,700	14,700	14,700	-
Incidental expenses	300	300	57	243
	<u>40,000</u>	<u>15,000</u>	<u>14,757</u>	<u>243</u>

(b)

On 14 July 2006, LFE Corp ("the Seller") entered into a conditional Sale and Purchase Agreement ("SPA") with Mr Lew Mew Choi, a Managing Director and a major shareholder of LFE Corp ("the Buyer"), to dispose of an Industrial Land held under Title No. H.S. (M) 16668, PT 43118, Batu 13, Jalan Sungai Besi, Mukim Cheras, Daerah Hulu Langat, Negeri Selangor ("land") together with all existing building and structures erected thereon (also known as Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan) for a total cash consideration of RM11.30 million ("the Proposed Disposal").

The Proposed Disposal was duly approved by its Shareholders at the Extraordinary General Meeting held on 12th October 2006.

The Proposed Disposal was completed on 21st March 2007.

Status of the utilisation of proceeds raised from proposed disposal is as follows:

	Approved for utilisation by SC	Actual proceeds raised as at 24.5.2007	Utilised as at 24.5.2007	Balance yet to be utilised
	RM'000	RM'000	RM'000	RM'000
Repayment of bank borrowings	11,000	11,000	10,435	565
Incidental expenses	300	300	103	197
	<u>11,300</u>	<u>11,300</u>	<u>10,538</u>	<u>762</u>

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**B9 Borrowings and debt securities**

Details of the Group's borrowings (which are denominated in Ringgit Malaysia) as at 31 March 2007 are as follows:

	<b>31.3.2007</b>	<b>31.12.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
Secured	11,216	9,723
Unsecured	12,541	18,875
	<u>23,757</u>	<u>28,598</u>
<b>Non-current</b>		
Secured	2,169	2,241
Unsecured	35,000	35,000
	<u>37,169</u>	<u>37,241</u>
<b>Total</b>	<u>60,926</u>	<u>65,839</u>

**B10 Off balance sheet financial instruments**

As at the reporting date, the Group does not have any off balance sheet financial instruments.

**B11 Changes in material litigation**

Save as previously disclosed, there were no changes in material litigation, including the status of pending material litigation since the previous quarter to a date not earlier than 7 days from the date of the interim financial statements.

**B12 Dividend**

No interim dividend has been recommended for the financial period ended 31 March 2007.

**B13 Earnings per share**

**(a) Basic earnings per share**

The basic earnings per share has been calculated by dividing the Group's net profit/ (loss) for the period by the weighted average number of shares in issue.

	<b>Current quarter ended 31.3.2007</b>	<b>3 months cumulative to 31.3.2007</b>	<b>Comparative quarter ended 31.3.2006</b>	<b>Comparative 3 months cumulative to 31.3.2006</b>
Profit/(loss) per share (sen)	0.79	0.79	(6.45)	(6.45)
(i) Net profit/(loss) attributable to shareholders of the Company ('000)	564	564	(3,354)	(3,354)
(ii) Total ordinary shares issued ('000)	72,200	72,200	52,000	52,000
(iii) Weighted average number of shares*	71,830	71,830	52,000	52,000

**(b) Diluted earnings per share**

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

**B14 Authorised for issue**

The first quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 May 2007.